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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR 1987

ORIGINAL

COMPLETED

867

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE DEPARTMENT OF DEFENSE

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[1] Elected Chairman, May 7, 1986.

[2] Assigned, May 1, 1986.

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*Deceased April 10, 1986

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR 1987

MONDAY, APRIL 14, 1986.

OPERATION AND MAINTENANCE OVERVIEW

WITNESSES

JOHN A. FLINN, DIRECTOR FOR OPERATIONS, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

RONALD DAVIDSON, DIRECTOR FOR PROCUREMENT, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

INTRODUCTION

Mr. MURTHA. The committee will come to order.

Today the committee begins its deliberations of the Operations and Maintenance appropriations of the Department of Defense. This committee has been a staunch advocate of maintaining a proper level of O&M funds because of the adverse readiness impacts if they are underfunded. At a time when the Congress and the Administration are looking for outlay reductions, we must assure that it is done in a balanced way, not at the expense of readiness. The primary purpose of these O&M hearings will be to determine if there are enough funds in the fiscal year 1987 budget to operate and maintain our forces at levels sufficient to meet readiness goals.

We open today with a brief overview of defense O&M accounts. We welcome the new Director of Operations for the Office of the Assistant Secretary of Defense (Comptroller), Mr. John A. Flinn.

Mr. Flinn, we understand this is your first appearance before the committee in your new capacity. Your formal statement will be placed in the record at this point. If you would like to briefly summarize, please do so.

We feel very strongly about operations and maintenance. As a matter of fact, this subcommittee has continually put money in for spare parts and readiness items long before there was a concern throughout the country because we realized the problems. As a matter of fact, I think we can attribute the increased readiness and safety record of the Services to the amount of money we have put in the readiness accounts these last few years.

SUMMARY STATEMENT OF MR. FLINN

Mr. FLINN. Thank you, Mr. Chairman.

Before you you will find a series of charts which I plan to use to provide an overview and summary of the O&M title. I do not plan on reading my statement.

The first chart (slide 1) is a series of graphs which show the constant/current dollar relationships in total obligational authority at the O&M title.

I would like to go on to the next chart unless you have some questions.

The second chart (slide 2) displays the O&M title by the various appropriations and I would like to cover two points on this chart.

About three quarters of the way down the page we have displayed total TOA, total obligational authority, and at the bottom of the chart total budget authority. I would like to explain the difference between these estimates.

There has been some confusion as to the relationship of these values. The difference between the $85.8 billion on the TOA line in fiscal year 1987 as compared to the $86.4 billion in budget authority, some $666 million, is the amount included in the defense-wide contingency for the 3 percent civilian pay raise for 1987. The budget reflects a distribution of the contingency pay amounts back to the various titles.

Various budget display tables highlight the $86.4 billion in budget authority, but all the justification material is based on the TOA number of $85 billion.

The fiscal year 1986 TOA estimate of $81.164 billion as compared to the budget authority estimate of $78.697 billion reflects various transfers. These transfers are made up of two major areas, $1.6 billion related to transfers made from the foreign currencies' fluctuation defense appropriation to the various accounts in fiscal year 1986 and an $827 million reprogramming for various readiness items. All these estimates relate to differences between TOA and BA.

Additionally, these estimates are all pre-Gramm-Rudman.

FOREIGN CURRENCY RATES

The next chart (slide 3) I would like to refer to is the foreign currency rate chart. I would like to cover some various assumptions that are reflected in the budget.

The first one I would like to cover is the area of foreign currencies. The fiscal year 1987 rate, as displayed on the far right represents actual rates in effect as of the end of December 1985.

The execution rates for fiscal year 1986 as compared to the budgeted rates in fiscal year 1987, are considerably different.

For example, the German Deutsche Mark fiscal year 1986 rate for execution purposes is 3.73 and the fiscal year 1987 President's rate is 2.46, which indicates there has been quite an unfavorable change in the rates as compared with the U.S. dollar the recent past six months.

Mr. **Murtha**. The value of the dollar has gone up?

Mr. **Flinn**. We have had an adverse relationship. It is taking more U.S. dollars to buy the foreign currencies.

Since we put the budget together and submitted it in February, we have seen a further decline in the foreign currency-U.S. dollar relationship. The fiscal year 1987 budget is understated by approximately $150 million due to the continuing adverse relationship between foreign currencies and the U.S. dollar.

FUEL PRICES

The next area (slide 4) I would like to cover is the fuel prices that we have reflected in the budget.

Going from fiscal year 1985 to 1986, the budget reflects an approximate 7.3 percent decrease in fuel prices and an approximate 4.3 percent decrease from fiscal year 1986 to 1987. The composite rate as we show about midway down on the chart is $31.50 per barrel for fiscal year 1987.

I also want to emphasize that the prices reflected in our budget are based on refined product and not crude oil prices. The Department doesn't buy crude. We buy refined fuels. The prices currently discussed in the newspaper in terms of crude falling to $15 per barrel does not directly impact the Department. Over the last five years, we have experienced on a cumulative basis about a $10.50 differential between refined prices and crude prices. That is based on the previous five years of actual experience, fiscal year 1985 going back to fiscal year 1980.

Mr. **Murtha**. They are talking about the price of oil getting down around $10—you are still showing $31 here.

Mr. **Flinn**. An effective crude price relative to the budgeted price for refined products would be something in the area of about $24. We do not use crude prices to build our budget, however if you wanted to talk to a comparable effective crude price, it would be about $24, which would make the variance between the refined price and crude price as reflected in the fiscal year 1987 budget, about a $7 differential.

Mr. **Murtha**. What is the increase percentagewise?

Mr. **Flinn**. I have with me Mr. Davidson from our Comptroller Office. He handles matters in the area of Stock Funds and the pricing of fuel. I would rather defer to Mr. Davidson and let him talk about specifics.

Mr. **Davidson**. I don't pretend to be an expert on fuel because I don't know how many people, given the volatility of fuel, are willing to stand up and be an expert on that. We provided for a 7.3 percent reduction in fuel prices going from 1985 to 1986 and then we followed that with another 4.3 percent reduction going from 1986 to 1987.

Certainly the prices that you are seeing quoted in the paper, $10 for a barrel of crude, is a lot lower than we have budgeted, no question about that. The real question is going to be whether that $10 per barrel crude oil that you see quoted in the paper is in fact going to materialize come 1987.

First of all, it is essentially a spot market price and that is not what our refiners are paying.

Mr. **Murtha**. Could you buy fuel for the Defense Department and stockpile it?

Mr. **Davidson**. Not very much. We can to some degree. We would have to lease tanks in order to increase storage capacity.

Mr. **Murtha**. So it ends up being more expensive because you have to lease the storage space.

Mr. **Davidson**. I wouldn't go so far as to say that it would always be more expensive however I haven't looked at all the related cost comparisons. It certainly would cost us.

Mr. **Murtha**. Obviously at some point we are going to have to make a decision on how much less it is going to cost this year than next year. You are being very conservative in your estimate of the reduction. We could use as a guideline $7 to $10 difference between the crude, not the spot market.

Mr. **Davidson**. Yes.

Mr. **Murtha**. And if you project that you get some idea of what it would cost you the rest of the year if you could predict the prices, which you can't.

Mr. **Davidson**. Mr. Flinn used a figure of around $10, which from 1981 to 1985 was the average difference that we saw between crude and refined, but we put our budget together on the basis of $7.60 as the difference in FY 1986 between what we think is the average price of crude oil that is paid by a refiner and what we budget for fuel, and that difference includes the cost to refine it, to store and transport it, and covers any losses that we have.

Mr. **Murtha**. How much oil does the Defense Department use a year? Is that classified information?

Mr. **Davidson**. No. Roughly 200 million barrels. I think in the 1986 budget it is 191 million barrels and in 1987 it is 193 million barrels.

Mr. **Murtha**. Would we be safe in reducing the budget by $10 a barrel, and of course, if the price goes up we would have to restore it in a supplemental, but would we be safe in reducing the amount of money apportioned to the Defense Department by $10 a barrel?

Mr. **Davidson**. Like you said, we tend to be conservative and we don't know what is going to happen to fuel prices, so it is hard for me to say, yes, you can do that. I can't do it simply because there are so many things going on and I don't know whether the low prices are going to turn around. Part of the problem is seeing how quickly these price increases get passed back to us.

For example, the final billing price on delivered fuel usually doesn't occur for 60 to 90 days after we take delivery because the price is based on a nationwide index and it takes time to gather the information on the index.

What that means right now as an illustration, the prices really started dropping in January, but we didn't see these big price drops in our contracts in January or February because of the lag time it takes for the Department of Energy (DOE) to gather this nationwide index.

We are starting to see it in the preliminary March information, the price is starting to drop, but because of the delay it is difficult for us to say how quickly our fuel prices are going to drop, how quickly are the refiners going to pass it on to us. That is a separate issue from the larger question of what is going to happen in the Middle East.

Mr. **Murtha**. If we reduce you by $10 a barrel, how much money are we talking about overall?

Mr. **Davidson**. You are talking about $2 billion.

Mr. **Murtha**. But you feel it is going down, but more than two months are gone out of the fiscal year. You are talking about half the year is actually gone already and you have not seen the benefit of that drop in prices during the first six months, not near as much as the commercial people have?

Mr. **Davidson**. That is true, although I stress in part that is because of the way the billing process works. Ironically, the first three months of this fiscal year the prices for fuel rose, not just for us, but for all users of fuel and the big drop didn't occur until January.

As a consequence, we lost money on fuel in the first three months of this fiscal year because nobody was anticipating that this big drop was going to occur. Now what we want to do is offset the loss that we incurred in the first quarter of the fiscal year, and we haven't done that yet.

I know this sounds almost hard to believe given everything you hear in the press and I don't mean to tell you that we ultimately won't save money, we think we will, but it is a timing problem. We are starting to see those final billings from January and they are starting to show a favorable trend.

Mr. **Murtha**. Did that take as long for the prices to go up, for instance, they skyrocketed in the seventies? Did the prices go up faster than they are coming down?

Mr. **Davidson**. I don't have the experience because I wasn't here in the seventies. I can't answer that authoritatively. I don't know.

Mr. **Murtha**. Mr. Davidson, can you give us an idea of how much excess profit the stock funds will generate if the prices continue to drop or stay the same? What will they generate this year?

Mr. **Davidson**. Well, when you say continue to drop, that is tough to do, I have seen a big drop here in March. We got some preliminary March data, and I see a drop. I know that the change from February to March isn't going to keep going forever. I don't have an estimate for you because I need to know a little bit more.

The committees, the Congress and certainly we agreed and worked with you on stock fund cash levels last year, specified refunds to the operation and maintenance appropriations in 1986 of $2 billion. In addition when we put our 1987 budget together, which we have submitted to you, we also planned on refunding during 1987 to the O&M appropriation, another $800 million.

Fiscal year 1986 started with $1.2 billion worth of excess cash in the stock fund and that $1.6 billion difference between $1.2 billion and the $2.8 billion of refunds is cash that I have to make in 1986. I have to be conservative because I have to make that cash, and I am just about breaking even, and that takes some drop of fuel into account.

If it drops further, then we will have excess cash, but I have to look at more than simply fuel.

Mr. **Murtha**. Are there any further questions about fuel?

Mr. **McDade**. No. Thank you, Mr. Chairman. I think you have covered it.

INDUSTRIAL AND STOCK FUNDS

Mr. **Flinn**. The next section (slide 5) on the handout is entitled industrial fund and stock fund support. The fiscal year 1986–87 estimates reflected in the budget assume approximately $2.4 billion and $1.4 billion respectively in refunds from the industrialized stock funds to the O&M accounts. This has the effect of reducing our request for new BA or TOA.

The industrial fund will be effecting a refund to the O&M accounts of $658 million, and the stock fund, $802 million based on prior year retained earnings or profits that we carry forward. We do not reduce stock fund and industrial fund rates. The fiscal year 1987 rates are reflective of operating costs in the two revolving funds.

I just wanted to highlight that the fiscal year 1987 request does reflect some significant savings in fiscal year 1987.

DEFENSE AGENCIES

The next series of charts relate to the defense agencies. I just want to cover the defense agency briefly.

(Slide 6.) We have identified the defense agencies in the following categories; readiness, intelligence/communications, audit/investigative activities, defense management support, and military personnel support.

Under the readiness category, we have included the Defense Mapping Agency, the Defense Logistics Agency, and the JCS Exercise program.

There are significant increases in the audit and investigative area. That is reflective of large personnel increases in the Defense Contract Audit Agency to reduce the backlog of audits.

There are increases in the military support area for the CHAMPUS program and the Dependent Schooling program.

The next chart (slide 7) identifies the civilian end strengths that go along with these dollar increases. The Defense Logistics Agency increases from fiscal year 1986 to 1987 by 1,600 end strength. This reflects a 5 percent increase in the workload offset by a 3 percent productivity increase resulting in a 2 percent increase overall.

There is an increase of 2,072 end strength in the investigative activity areas primarily for the Defense Contract Audit Agency to reduce the backlog of audits.

(Slide 8.) The military personnel support area, reflects an increases of 738 end strength for the Dependent Schools. The increase provides for additional teachers and for comparability in our Section 6 schools with state and local school systems.

I would like to go back to the dollar table and specifically CHAMPUS for a minute. We show a significant increase for CHAMPUS; approximately $200 million. One of the things that we considered in formulating the budget was including a reprogramming of funds in fiscal year 1986 for CHAMPUS. At that time we were looking at an estimate of approximately $70 million. We did not have sufficient data to estimate the funding shortfall for fiscal year 1986, so we deferred reflecting the reprogramming in the 1986 column of the budget. However, we did not want to understate the fiscal year 1987 estimate. The fiscal year 1987 estimate is built on requirements as we evaluated them in our fall budget review.

We will be forwarding to the committees, in the near future a reprogramming of approximately $260 million for the CHAMPUS program for fiscal year 1986. Therefore, the fiscal year 1986 estimate identified here of $1.4 billion is closer to $1.6 billion.

That basically covers the areas that I wanted to highlight.

However let me just mention the environmental restoration program. (Slide 9.)

The fiscal year 1987 budget reflects a transfer account for the environmental program. The Congress, in the mark-up of the fiscal year 1986 budget, established a transfer account and directed that we proceed and continue with that type of financing for fiscal year 1987, and requested that we not include funds for the hazardous waste disposal program in the environmental program.

So the estimates that you see on this particular page only relate to the environmental restoration program and the hazardous waste disposal money is reflected in the various service appropriations.

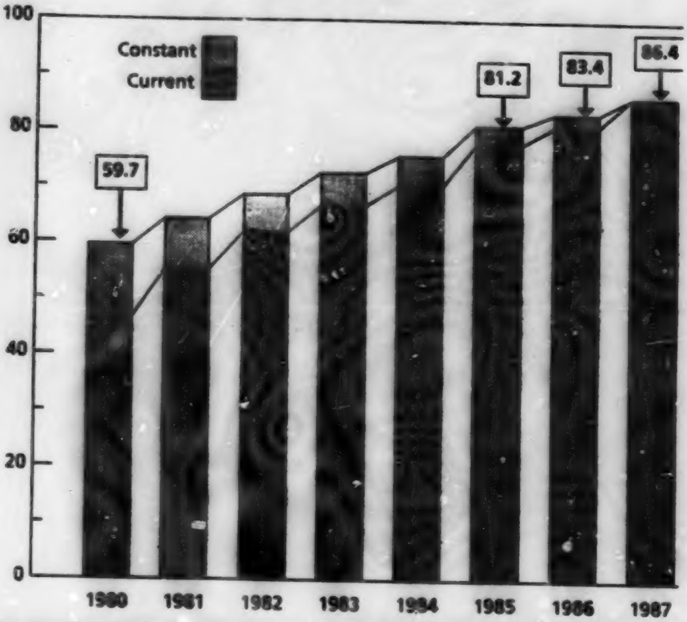
As highlighted on this particular chart, of the $379 million included in the total environmental program, $286 million is in the O&M appropriation and another $28 million is spread throughout the various R&D and procurement appropriations, and so you will not see those estimates in our O&M request.

That concludes my overview and I am available to answer any questions.

[The charts used by Mr. Flinn during his presentation and his prepared statement follow:]

SUMMARY OF SIGNIFICANT CHANGES BETWEEN FISCAL YEARS

O&M CONSTANT and CURRENT DOLLARS
TOA, $ in Billions
FY 1980 - 1987



Fiscal Year	1980	1981	1982	1983	1984	1985	1986	1987
Constant 87 $	59.7	64.5	68.8	72.9	76.0	81.2	83.4	86.4
Current $	46.6	55.2	62.0	66.7	70.4	77.8	81.2	86.4
% Real Growth	6.0	8.0	6.6	6.0	4.2	6.9	2.7	3.6

Slide 1

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OPERATION AND MAINTENANCE BY SERVICE BY APPROPRIATION

($ in Millions)

	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate	86-87 Change
Army	20,824.7	22,674.5	23,922.8	+ 1,248.3
Army	18,660.4	20,210.7	21,341.9	+ 1,131.2
Army Reserve	731.4	780.1	793.1	+ 13.0
Army National Guard	1,431.9	1,682.8	1,786.9	+ 104.1
Rifle Practice, Army	.9	.9	.9	-
Navy	27,456.2	27,709.8	28,593.8	+ 884.0
Navy	24,930.1	25,072.5	25,688.5	+ 616.0
Marine Corps	1,657.8	1,666.5	1,864.1	+ 197.6
Navy Reserve	809.6	912.6	975.9	+ 63.3
Marine Corps Reserve	58.7	58.2	65.3	+ 7.1
Air Force	21,929.3	22,892.4	24,122.8	+ 1,230.4
Air Force	19,226.9	20,176.5	21,214.5	+ 1,038.0
Air Force Reserve	877.8	902.7	975.6	+ 72.9
Air National Guard	1,824.6	1,813.2	1,932.7	+ 119.5
Defensewide	7,577.4	7,888.1	9,133.6	1,245.5
Defense Agencies	7,139.4	7,731.6	8,573.7	+ 842.1
Claims, Defense	133.4	143.3	155.6	+ 12.3
Court of Military Appeals, Defense	2.6	3.2	3.4	+ .2
Tenth International Pan American Games	-	10.0	15.0	+ 5.0
Environmental Restoration, Defense	302.0	-	385.9	+ 385.9
TOTAL TOA	77,787.6	81,164.8	85,773.0	+ 4,608.2
FY 1987 Civilian Pay Raise in Defensewide Contingency	-	-	+ 666.8	
Subtotal	77,787.6	81,164.8	86,439.8	+ 5,275.0
(Constant 87 Dollars)	(81,214.6)	(83,429.2)	(86,439.8)	
Financing Adjustments	+ 15.3	-2,467.7	-	
Total Budget Authority	77,802.9	78,697.1	86,439.8	+ 7,742.7

Totals may not add due to rounding.

FOREIGN CURRENCY RATES

The Foreign Currency Fluctuations, Defense (FCF,D) appropriation was established in FY 1979 and is managed by the Assistant Secretary of Defense (Comptroller) who transfers funds from this account to operating appropriations as necessary. The transferred funds are made available only for funding a Centrally Managed Allotment (CMA). This CMA has been established in each operating appropriation involved to cover net losses in direct programs due to unfavorable fluctuations in foreign exchange rates in selected currencies. Since the FCF,D appropriation is only available to fund net losses, gains and losses are accumulated in the CMA in each affected operating appropriation. If a net gain results, the balance must be returned to FCF,D.

The rates below are the exchange rates used as a baseline against which actual fluctuations are measured as programs are executed. These rates are expressed in terms of units of foreign currency that can be purchased with one (1) U.S. dollar.

FOREIGN CURRENCY EXCHANGE RATES
(Dollar in Foreign Currency)

Country	Monetary Unit	Execution Rates		President's Budget Rate
		FY 1985	FY 1986	FY 1987
Belgium	Franc	65.55	75.91	50.36
Canada	Dollar	1.47	1.70	1.40
Denmark	Krone	11.67	13.51	8.97
France	Franc	9.80	11.35	7.54
Germany	Deutsche Mark	3.22	3.73	2.46
Greece	Drachma	115.20	133.40	150.80
Italy	Lira	1,954.65	2,261.93	1,678.00
Japan	Yen	278.46	322.41	200.55
Netherlands	Guilder	3.61	4.18	2.77
Norway	Krone	8.94	10.35	7.58
Portugal	Escudo	154.09	178.44	158.00
Spain	Peseta	185.39	214.70	154.00
Turkey	Lira	302.68	350.51	569.65
United Kingdom	Pound	.81	.94	.69

DoD CUSTOMER POL PRICES

The following table shows the prices by POL product that the DoD customers are paying for each fiscal years. Also provided is a composite price for each fiscal year. Additionally the table displays the effects of the fuel-related refunds in FY 1985 and FY 1986 and the effective composite prices that result from these refunds.

POL CUSTOMER PRICES

	FY 1985		FY 1986		FY 1987	
Product Type	**Gallon**	**Barrel**	**Gallon**	**Barrel**	**Gallon**	**Barrel**
AVGAS	1.32	55.44	1.15	48.30	1.37	57.54
Motor Gas Leaded	1.05	44.10	.83	34.86	.83	34.86
Motor Gas Unleaded	1.11	46.62	.86	36.12	.84	35.28
Gasohol	1.11	46.62	.86	36.12	.84	35.28
JP-4	.93	39.06	.79	33.18	.73	30.66
JP-5	1.00	42.00	.87	36.54	.79	33.18
JP-8	1.09	45.78	.95	39.90	.85	35.70
Distillates	.95	39.90	.82	34.44	.75	31.50
Residuals	.68	28.56	.76	31.92	.70	29.40
Navy Reclaimed	.74	31.08	.48	20.16	.44	18.48
Actual Composite	.94	39.48	.81	34.02	.75	31.50
Refund Effect	-.16	-6.86	-.05	-2.21	-	-
Effective Composite	.78	32.62	.76	31.81	.75	31.50
Stock Fund Cost	.84	35.26	.78	32.76	.75	31.50
Special Fuels 1 (JP-7)	1.81	76.02	1.56	65.52	1.37	57.54
Special Fuels 2 (JP-TS)	1.87	78.54	1.62	68.04	1.25	52.50

INDUSTRIAL FUND AND STOCK FUND SUPPORT

($ in Millions)

	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
Army	-585.7	-587.0	-168.1
Navy	-576.9	-1,074.5	-825.5
Marine Corps	-27.4	-28.3	-16.0
Air Force	-642.4	-556.0	-451.0
Defense Agencies	-15.0	-13.3	-
Army Reserve	-1.1	-19.3	-
Navy Reserve	-7.1	-47.6	-
Marine Corps Reserve	-	-4.2	-
Air Force Reserve	-64.0	-14.4	-
Army National Guard	-6.3	-42.1	-
Air National Guard	-55.8	-35.4	-
Total	-1,981.7	-2,422.1	-1,460.6
INDUSTRIAL FUND SUPPORT	-183.2	-378.5	-658.3
Retained Earnings	-	-727.5	-444.5
Premium Rates for SAAM	-	-	-54.0
Pay Related Amounts	-1.5	+349.0	-
Unfinanced FY 1987 Pay Raise Amounts	-	-	-159.8
Other Refunds	-181.7	-	-
STOCK FUND SUPPORT	-1,798.5	-2,043.6	-802.3
Fuel	-1,309.6	-435.5	-
Nonfuel	-488.9	-1,608.1	-802.3

DEFENSE AGENCIES
(Dollars in Millions)

	FY 1985 Actual	PRICE	PGM.	FY 1986 Estimate	FY 1987 Estimate	PRICE	PGM.	% TOTAL PGM CHG
Readiness								
DMA	463.0	+11.4	-17.1	457.3	494.1	+5.8	+31.0	
DLA	1,644.8	+33.5	+221.6	1,899.9	1,882.9	+38.2	-55.2	
JCS Exer	311.6	-41.9	+.9	270.6	284.5	+6.8	+7.1	
Total	2,419.4	+3.0	+205.4	2,627.8	2,661.5	+50.8	-17.1	-3.0
					(31.0%)			
Intelligence/Communications								
Total	1,939.5	+64.0	+76.3	2,079.8	2,316.5	+38.7	+198.0	+34.4
					(27.0%)			
Audit/Investigative Activities								
DIS	117.5	+1.5	+26.2	145.2	152.3	+.8	+6.3	
DCAA	158.4	+2.0	+26.5	186.9	235.1	+.9	+47.3	
OIG	54.7	+.9	+12.3	67.9	77.3	+.7	+8.7	
Total	330.6	+4.4	+65.0	400.0	464.7	+2.4	+62.3	+10.8
					(5.5%)			
Defense Management Support								
OSD	114.7	+2.4	+2.9	120.0	127.5	+2.2	+5.3	
WHS	82.4	+2.3	+11.1	95.8	106.8	+3.1	+7.9	
DISA	-	-	+1.7	1.7	2.2	-	+.5	
DTSA	-	-	+3.7	3.7	5.2	-	+1.5	
DNA	46.5	+1.1	-5.0	42.6	52.0	+.9	+8.5	
OJCS-MgtHq	39.0	+1.0	+11.4	51.4	68.2	+1.6	+15.2	
OEA	2.6	+.1	+12.6	15.3	18.3	+.6	+2.4	
DLSA	3.0	-	+1.4	4.4	4.8	-	+.4	
DAVA	20.7	+.4	-21.1	-	-	-	-	
Total	308.9	+7.3	+18.7	334.9	385.0	+8.4	+41.7	+7.3
					(4.5%)			
Military Personnel Support								
AFIS	49.5	+1.6	+4.7	55.8	61.1	+2.0	+3.3	
CHAMPUS	1,370.9	+151.3	-98.1	1,424.1	1,740.5	+123.0	+193.4	
DoDDS	627.6	+31.6	+49.0	708.2	812.0	+39.5	+64.3	
USUHS	30.1	+.5	-.3	30.3	34.2	+.4	+3.5	
DMSA	62.9	+2.1	+5.7	70.7	98.2	+1.7	+25.8	
Total	2,141.0	+187.1	-39.0	2,289.1	2,746.0	+166.6	+290.3	+50.5
					(32.0%)			
GRAND TOTAL	7,139.4	+265.8	+326.4	7,731.6	8,573.7	+266.9	+575.2	+100.0
					(100.0%)			
% GROWTH		+3.7	+4.6			+3.5	+7.4	

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DEFENSE AGENCIES

Operation & Maintenance Appropriation

Civilian End Strength

	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate	86-87 Change
Readiness				
DNA	9,078	9,302	9,402	+100
DLA	49,635	50,028	51,664	+1,636
Total	58,713	59,330	61,066	+1,736
Intelligence/Communications				
Total	4,928	5,213	5,646	+433
Audit/Investigative Activities				
DIS	3,520	4,497	4,580	+83
DCAA	4,641	4,854	6,461	+1,607
OIG	1,002	1,132	1,514	+382
Total	9,163	10,483	12,555	+2,072
Defense Management Support				
OSD	1,194	1,307	1,307	--
WHS	454	475	483	+8
DNA	503	580	606	+26
OJCS-MgtHq	311	349	355	+6
DISA	30	36	36	--
DTSA	35	112	112	--
OEA	26	34	34	--
DLSA	70	112	112	--
DAVA	234	--	--	--
Total	2,857	3,005	3,045	+40
Military Personnel Support				
APIS	138	142	143	+1
CHAMPUS	224	226	226	--
DoDDS	12,887	12,715	13,453	+738
USUHS	635	651	651	--
DMSSC	47	72	95	+23
Total	13,931	13,806	14,568	+762
GRAND TOTAL	89,592	91,837	96,880	+5,043

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DEFENSE AGENCIES

Military Personnel End Strength

	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate	86-87 Change
Readiness				
DMA	452	480	489	+9
DLA	961	1,045	1,045	--
Total	1,413	1,525	1,534	+9
Intelligence/Communications				
Total	7,788	8,203	8,291	+117
Audit/Investigative Activities				
DIS	--	--	--	--
DCAA	--	--	--	--
DIG	32	36	36	--
Total	32	36	36	--
Defense Management Support				
OSD	497	458	458	--
WHS	134	123	123	--
DNA	340	356	379	+23
OJCS-MgtHq	1,272	1,226	1,250	+24
DISA	22	19	19	--
DTSA	13	23	23	--
ORA	3	5	5	--
DLSA	--	6	6	--
DAVA	6	--	--	--
Total	2,287	2,216	2,263	+47
Military Personnel Support				
AFIS	68	64	64	--
CHAMPUS	7	9	9	--
DoDDS	--	--	--	--
USUHS	787	792	788	-4
DMSA	30	38	58	+20
Total	892	903	919	+16
GRAND TOTAL	12,412	12,883	13,043	+189

ENVIRONMENTAL RESTORATION, DEFENSE

($ in Millions)

FY 1985 Actual	Price Growth	Program Growth	FY 1986 Estimate	Price Growth	Program Growth	FY 1987 Estimate
302.0	+ 10.6	-312.6	-	-	+ 385.9	385.9

In FY 1984 Congress established the Environmental Restoration, Defense (ER,D) appropriation in order to provide emphasis and visibility of expanded environmental restoration efforts on both active installations and formerly-used lands. The ER,D appropriation provides for the identification, investigation and cleanup of contamination from hazardous substances and wastes, correction of other environmental damage, detection of unexploded ordnances, demolition and removal of unsafe buildings and structures, debris removal, and improvement in the Department's reduction and recycling of hazardous waste.

The Congress appropriated $379.1 million in FY 1986 for environmental restoration efforts and hazardous waste disposal operations in a central Environmental Restoration, Defense transfer appropriation. The Congress provided the Department with the authority to transfer funds from the central ER,D appropriation to the various Defense appropriations to finance environmental restoration efforts and directed the Department to establish future budgets for environmental restoration efforts in the central appropriation. Additionally, the Congress directed that the FY 1987 budget request include funding for current generated hazardous waste disposal operations (HWDO) within the various Services' Operation and Maintenance (O&M) budgets and not as part of the central appropriation.

The following chart identifies the funding included in the ER,D appropriation for environmental restoration efforts and hazardous waste disposal operations:

	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
	($ in Millions)		
Total Environmental Program	302.0	379.1	385.9
HWDO	52.6	64.4	-
Environmental Restoration	249.4	314.7	385.9
(O&M)	-	(286.5)	-
(Other Appropriations)	-	(28.2)	-

Statement by John A. Flinn

Mr. Chairman and members of the Committee, it is a pleasure to have the opportunity to appear before you.

My purpose here this afternoon is to provide the Committee with a broad overview of the FY 1987 Operation and Maintenance budget request, with particular emphasis on the various assumptions upon which the request is based. Second, I will provide some summary O&M data regarding the Defense Agencies since you will not hold separate hearings with them, and I will provide more detailed Defense Agency data as an attachment to my statement.

As you are aware, the O&M accounts finance the day-to-day costs of operations, maintenance of equipment and facilities, logistics, and administrative support of the operating forces exclusive of military personnel costs. The O&M budget request for FY 1987 is $86.4 million, which represents an increase of $7.7 billion in current dollars over the FY 1986 estimate, in budget authority terms. When FY 1986 foreign currency and unobligated balances transfers are considered, total obligational authority in FY 1986 increases from $78.7 billion to $81.2 billion and the growth for FY 1987 then becomes $5.2 billion. This is in TOA terms. In constant dollars between FY 1986 and FY 1987, real O&M program growth for FY 1987 equates to $3.0 billion.

This growth is planned to enable us to continue the operational improvements we have made over the past years as new and complex weapon systems are being delivered and we try to hold the course in training and operating tempos. The O&M increases fall in a wide range of activities including:

Flying hours	$.2 billion
Army Force modernization	.2 billion
Space Support	.3 billion
C3 and Intelligence	.7 billion
Training and Medical activities	.8 billion
Reserved and Guard programs	.3 billion
Real Property and Base Operations	.5 billion

While there is an imprecise correlation between readiness and O&M funding, it is generally agreed that O&M funding is an important factor in obtaining our readiness goals. In this context, with the FY 1987 growth requested we expect to:

- Operate an aircraft inventory that is 2.8% greater, with most of the increase going to the Army components.
- Operate 13 additional Battle Force Ships in the Navy.
- Provide for an increase of approximately 235,000 flyinghours, (up 3.3%.)
- Keep the Navy and Air Force tactical pilots flying at the FY 1986 rates, and increase Army flying hours from 15.6 to 18 hours per month.
- Keep the steaming hours of the Navy deployed and non-deployed fleets at 50.5 and 29.9 hours, respectively.

- Maintain the number of miles driven by Army major combat vehicles at 850 miles per year, and provide for the same number of rotations through the NTC as in FY 1986.

In addition to the program growth included in the budget request, the FY 1987 estimate also provides for $2.2 billion in price growth. This constitutes approximately 42 percent of the FY 1987 increase and is an important factor in allowing us to accomplish the programs planned for the year. For pricing purposes, the O&M account is divided into three main areas: civilian pay, fuel costs, and other purchases; and each is affected by different price factors.

For civilian pay, the FY 1987 estimate reflects the Administration's assumption of a 3.0 per cent pay raise beginning in January 1987. This raise is budgeted in the DoD Contingency account and allocated to the various appropriations for budget presentation. The effect of the raise in the O&M account is $.7 billion.

For fuel costs, the estimate for FY 1987 reflects a reduction of $.3 billion in keeping with a projected decrease in stock fund fuel prices of 7.4 per cent. Accordingly, the cost per barrel of fuel will decrease from $34.02 in FY 1986 to $31.50 in FY 1987. (After considering the FY 1986 fuel refunds directed by the Congress, the effective price per barrel for FY 1986 will actually be $31.81). The cost of fuel to the O&M customers for FY 1986 and FY 1987 will continue to be stabilized at the budgeted rates, in keeping with our past practice, regardless of the price variations that occur in the fuel market.

The other purchases category constitutes 57 per cent of the O&M account, and $1.8 billion in price growth is included for this area. This category of costs is influenced by three principal types of purchases - those from stock funds, those from industrial funds, and all others, most of which reflect purchases made through contractual agreements.

Escalation rates for the stock and industrial funds reflect the various rates of increase or decrease necessary for each fund to achieve a break-even operating position at the end of the year and, based on our stabilized rate policy, will not change during the year of execution from the rates budgeted.

With minor exceptions for items which are not escalated, such as per diem, postal costs, or disability compensation or items escalated at higher than standard rates, such as medical costs, the majority of other O&M purchases are escalated at the GNP deflator rate of 4.0 percent.

Finally, in regard to pricing, I should mention that the foreign currency rates upon which the FY 1987 budget is based are those that were in effect on December 30, 1985. In terms of the deutsche mark, the currency most exchanged, the conversion rate for FY 1987 is 2.46 DM to the dollar, while the execution rate in FY 1986 is pegged at 3.73 DM to the dollar. To reflect updated rates for all currencies in FY 1986, $1.6 billion has been transferred from the Foreign Currency Fluctuations, Defense appropriation to the Service O&M accounts. This will enable the Services to make payments in FY 1986 at the same rates that we have budgeted for FY 1987. A further decline in the value of the dollar, as is presently being experienced, will likely require additional FY 1986 transfers during the year and will necessitate either an increase in FY 1987 budget authority or transfers from the fund during FY 1987.

The O&M title will be reduced by $3.9 billion in FY 1986 from the sequestration resulting from the Gramm-Rudman-Hollings bill. This reduction will cause real negative growth of $1.8 billion from the FY 1985 level in total obligational authority. This is the first time since FY 1979, a year of high inflation impact, that O&M will experience a negative growth effect.

Unlike the RDT&E and Procurement accounts which are more centrally managed on a line item basis, management in the O&M account is highly decentralized throughout the world at a higher level of aggregation. Consequently, I am unable to identify with any precision at this time what the real effect of this legislation on O&M will be. However, preliminary indications from the Services show that they will not only have to reduce lesser priority controllable requirements, such as travel, real property, administrative, and base operating support but also may need to freeze civilian hiring and cut higher priority controllable requirements, such as depot maintenance, training, flying, and steaming programs in order to get through the year. The Services have been directed to only make reductions in the latter areas on a selective basis to minimize the impact on readiness.

In managing the reductions that will be required, it should be pointed out that a fairly sizable portion of O&M funding goes toward relatively fixed or uncontrollable requirements, particularly in the short period of a year. It is a further anomaly in O&M that the most directly related requirements to readiness remain controllable through the end of the year, but we lose controllability of more fixed requirements that may be less readiness oriented as we progress through the year. I will leave it to the individual Services to discuss these impacts with you more fully at their upcoming hearings before the Committee.

Before concluding my remarks on the O&M overview, I should apprise you of two policy considerations. First, unlike last year, the FY 1987 O&M budget does not reflect a proposed change in the expense/investment criteria that would cause a funding realignment between the O&M and Procurements accounts. In this regard, the unit price criteria for determining whether purchase of a given item should be considered as an investment or an expense remains unchanged at $5,000. As provided for in the FY 1986 enacted amounts, those funds required to purchase items costing more than $5,000 are included in the procurement accounts.

Secondly, we have budgeted for the FY 1987 Environmental Restoration Program in a central transfer appropriation as provided for by the Congress in FY 1986. However, as Congress directed, FY 1987 funding for the Hazardous Waste Disposal Program has been included in the Military Component budgets.

I would like turn briefly to the O&M request for the Defense Agencies in FY 1987. Within the total $3.0 billion program growth in the FY 1987 budget, $.6 billion is included for Defense Agency requirements. This breaks down into the following areas:

Intelligence and Communications	$.2 billion
Civilian Health and Medical Program of the Uniformed Services (CHAMPUS)	.2 billion
Other Military Personnel Support	.1 billion
Audit and Investigative/Defense Management Support	.1 billion

The growth for Intelligence and Communications activities accounts for approximately 34% of the increase for the Defense Agencies and supports the National Security Agency, the Defense Intelligence Agency and the Defense Communications Agency.

The growth in CHAMPUS supports a dental benefit plan for active duty dependents and a projected increase in the cost of benefit payments in FY 1987 based on past historical trends. Other personnel support increases provide for accelerated deployment of the Composite Health Care System and comparability of Section 6 schools with local school districts.

Finally, additional personnel requirements are planned for the Defense Contract Audit Agency and the Inspector General to increase their audit efforts and for the Defense Investigative Service to provide updates of security clearances.

Mr. Chairman, that concludes my statement. I have attached further details supporting the Defense Agencies request, and I will be happy now to answer any questions you may have.

Mr. MURTHA. Thank you.

The gentleman from Pennsylvania.

Mr. McDADE. No questions, Mr. Chairman.

Mr. MURTHA. The gentleman from Louisiana.

SOURCE OF ENERGY FOR DOD INSTALLATIONS

Mr. LIVINGSTON. I have no questions now, Mr. Chairman. I would like to submit something for the record though, if I may.

Mr. MURTHA. All right.

[CLERK'S NOTE.—Questions submitted by Mr. Livingston and the answers thereto follow:]

ENERGY SOURCES

Question. In Congress' efforts to reform the Pentagon and reduce defense spending, attention has been focused on DoD procurement. Measures have been suggested and implemented to make that process more competitive. Presently, however, statutes make coal the preferred fuel source on military installations. In terms of capital construction, maintenance costs, etc., how does coal compare to other sources of energy in terms of cost and efficiency? Provide details for the record.

Answer. The selection of the most appropriate fuel source for a specific installation is a site specific process. Climate, environmental constraints, availability of other local alternatives, and technology all must be considered in the lifecycle cost analysis in addition to the basic economic evaluation. Coal starts out with a potential competitive economical advantage in many locations due to its relative low cost per unit of available energy. The average Defense fuel costs for FY 1985 were: Coal $2.55 per million BTUs (MBTU), natural gas $4.49 per MBTU, and fuel oil $6.00 per MBTU. These costs are of course not necessarily a direct indication of the final cost of usable energy. Coal-burning equipment, for example, is significantly more complex and costly than that which burns the other fuels. Additionally, the larger the plant, the less impact costs such as pollution abatement devices needed for the coal systems have on the final cost of the energy delivered. In general, the larger coal plants are more thermally efficient than those using other fuels.

Question. Jeffrey Jones, acting director for DoD energy policy, recently testified before the Senate Armed Services Committee. In his testimony, Mr. Jones called for flexibility in DoD energy resource management. He indicated that DoD would find it helpful if legislation provided for and encouraged multiple fuel-use designs. The 1982 military construction codification act prohibits the construction of new, large oil or gas facilities on U.S. Military installations. The FY 1986 defense appropriations bill requires DoD to increase its purchases of coal by 1.6 million tons per year by conversions of existing oil and gas facilities to coal. It appears that implementation of Mr. Jones' recommendations is in conflict with these two congressional actions. Would you agree with that assessment?

Answer. Yes. The 1982 Military Construction Codification Act and the FY 1986 Defense Appropriations Act limit the desired flexibility of energy source selection. The Department would prefer to be able to select the most cost-effective energy source (or sources for dual-fuel design) to meet the needs of each installation.

Question. What would be the most cost-effective energy policy for DoD?

Answer. The most cost-effective policy for DoD would be for the Department to be permitted to select and use that energy source (or sources) which would best satisfy requirements for quantity, quality, and reliability at the lowest cost over the life-cycle of the system. A requirement to provide dual-fuel capability where feasible would allow the utilization of the most cost-effective energy source at any specific time and provide a significant increase in energy supply security. With the exception of certain restrictive provisions, this is the policy under which DoD currently operates.

Question. The Department of Defense is the single largest energy consumer in the country. Could taxpayer money be saved if DoD were permitted to base its energy choices exclusively on what is most cost-effective in the marketplace?

Answer. Yes. The removal of current constraints which require purchase of energy sources, other than the most cost-effective sources, could be anticipated to save DoD and the taxpayers money.

Question. Provide for the record a summary of any data you might have reflecting the impact of preferred fuel source regulations on the oil and gas industry in the U.S.

Answer. It is impossible to give any meaningful estimate of the impact on the oil and gas industries as a result of preferred fuel source regulations. The conversion of existing oil and gas boilers would occur only at those sites which, after extensive evaluation, were found to be cost-effective candidates for conversion. The most likely sites for cost-effective conversions, are those which previously burned coal and were converted to oil or gas in the 1960's and 1970's as a result of the environmental emphasis at that time. Coal pollution abatement technology has matured to a point where many of those plants can now be considered good candidates for reconversion.

[CLERK'S NOTE.—End of questions submitted by Mr. Livingston.]

O&M REAL GROWTH

Mr. MURTHA. Let's talk about the real growth here in O&M.

Mr. Flinn, the O&M appropriation request submitted by the Department of Defense allows for total growth of $4.6 billion above fiscal year 1986 levels to a fiscal year 1987 request of $85.8 billion.

On the surface, this 5.7 percent growth appears reasonable considering the fiscal constraints we are all living under. However, this turns out to be only 2.8 percent real growth once price changes are backed out.

What concerns the committee is that with all the new equipment and increased force structure that the services are having to cope with in fiscal year 1987, is 2.8 percent real growth sufficient?

Mr. FLINN. Well, we believe it is, sir. When we put together the budget, we have to consider the various priorities and come up with a balance within the overall resource level. We feel that the 2.8 percent will continue the readiness improvements that we have gained in the past and that we will not see any significant degradation in any of those readiness indicators that we have realized over the past.

Mr. MURTHA. Here is a partial list of programs, force structure, and equipment that are new to fiscal year 1987; 13 additional Navy battle force ships; 583 additional aircraft and an increase of 235,000 flying hours; continued buildup of the Army's light infantry divisions; continued modernization of Army equipment with an O&M price tag of over $200 million; O&M support for growth in military end strengths of 13,730; and almost $400 million in growth associated with space programs.

There is significant program growth that we believe is not matched by growth in O&M funds. Is it safe to say that the O&M accounts are not funded at levels sufficient to keep ongoing programs at fiscal year 1986 levels and to properly finance new programs in fiscal year 1987?

Mr. FLINN. No, sir. I would not say that the O&M accounts are funded at insufficient levels. Many of the new weapons systems that are introduced are phased in over time. Many of the newer weapon systems coming in are not as costly to maintain. We do believe that the fiscal year estimate 1987 estimate will continue to maintain the readiness improvements that we have realized over the past years.

Mr. MURTHA. One of the problems we see right away, though—I went over to the Philippines not long ago—at every military installation I stopped, I asked how has Gramm-Rudman-Hollings affected the military. It happened at all Air Force bases. They were cutting back on the flying hours already. Now in the Pacific, I think they had a zero accident rate, the best accident proficiency in their history and it came about for a number of reasons, better spare parts, more flying, more efficiency, better equipment, everything.

This won't show up if you are underestimating the amount of O&M that is necessary to keep the troops in the field ready, we won't see it. We won't know about it for a couple of years and all at once we will start having accidents which costs us more in the long run and yet you assure us that even though we have an increase in the number of people, increase in systems listed here, you still feel confident that we are not going to run into a problem down the road of reduced flying hours, backlogs of maintenance.

I can remember seven years ago on this committee going out to Fort Hood where they couldn't fix the air conditioners in peoples' houses until they were completely broken down because they had nothing but emergency money.

Are we moving in that direction over a four- or five-year period or are you assuring the committee that we will have enough money to take care of O&M?

Mr. FLINN. Let me qualify something I said. This budget is based on pre-Gramm-Rudman estimates and I believe the resources that we are requesting and projecting on out will maintain the readiness levels that we have realized. As I say, it is pre-Gramm-Rudman.

Mr. MURTHA. You are saying it is pre-Gramm-Rudman-Hollings, but we have to deal in a real world. They have already made cuts in the field and obviously some of those are O&M.

Mr. **Flinn**. We may see some reductions, including readiness related programs in fiscal year 1986.

Mr. **Murtha**. You are saying then if you keep it at this level, if we don't cut O&M, you can live with this figure and not affect readiness?

Mr. **Flinn**. The $85.8 billion, yes, sir. I was just qualifying that in terms of the $77.3 billion estimate related to post-Gramm-Rudman in fiscal year 1986. I cannot sit here and tell you that that will not impact some of the readiness-related areas like flying hours or maintenance.

Mr. **Murtha**. It doesn't take long if we cut a couple percent a year to get right back to where we were before.

Mr. **Flinn**. The 1986 post-Gramm-Rudman number is a new low for us.

Mr. **Murtha**. We are interested in the figure you need to operate and maintain the forces in a good readiness level. Is the $85 billion figure—is that the figure you need?

Mr. **Flinn**. The $85.8 billion is the estimate we believe we need to maintain the force.

INFLATION ESTIMATES

Mr. **Murtha**. What about the inflation estimates? Do you feel these inflation estimates that you have made to us were unrealistically high this year or is this an area where we can save some money and not hurt readiness?

Mr. **Flinn**. Well, any change in the inflation indice would not hurt readiness. It does not affect program.

Mr. **Murtha**. Have you overestimated it though?

Mr. **Flinn**. Let me say that we use the indices based on forecasts that OMB provides. We have used 3.5 percent for fiscal year 1986. The fiscal year 1986 President's budget factor was 4.3 percent. The indicator for fiscal year 1987 is 4 percent, up half a percent from 1986.

On the basis that we fell from 4.3 to 3.5 percent in fiscal year 1986, the same thing could happen again in fiscal year 1987.

Mr. **Murtha**. What is the dollar increase associated with the 4 percent rate? If you will provide that for the record and also provide a breakout by service for the record.

[The information follows:]

The dollar increase associated with a 4 percent rate of O&M purchases other than pay and fuel is $2.2 billion. The distribution of this by Service account is:

[In millions of dollars]

O&M, Army	492
O&M, Army Reserve	16
O&M, Army National Guard	32
Total Army	540
O&M, Navy	840
O&M, Marine Corps	48
O&M, Navy Reserve	24
Total Navy	912
O&M, Air Force	560
O&M, Air Force Reserve	8

O&M, Air National Guard	20
Total Air Force	588
O&M, Defense Agencies	172
Claims, Defense	4
Environmental Restoration, Defense	16
Total Defense	192
Total O&M	2,232

Mr. MURTHA. Your current fiscal year 1986 inflation rate is 3.5 percent—in the fiscal year 1986 request, you estimated inflation at 4.3 percent. This estimate was later lowered to 4.2 percent by Secretary Weinberger with a savings of $39 million. Current fiscal year 1986 inflation estimates are 3.5 percent.

What caused actual fiscal year 1986 inflation estimates to be almost 20 percent less than projected?

Mr. FLINN. The inflation estimates that we use are provided by OMB based on economic forecasts.

Mr. MURTHA. Can we expect savings again this year in your overestimating inflation? Is inflation not as high as you anticipated?

Mr. FLINN. I assume that resources could be taken out of the budget and would have no impact programmatically.

DEPOT MAINTENANCE

Mr. MURTHA. The committee found a total lack of consistency between depot maintenance funding and the backlog in this account. Total depot maintenance funding increases by less than one percent and, assuming a 4 percent rate of inflation, this would equate to a real decline in funding of approximately $350 million.

Why, with such a large real decline of $350 million in depot maintenance funding, do we see a relatively modest increase in the funded backlog of only $93.6 million?

Mr. FLINN. Sir, the funding levels that I have on depot maintenance actually show about an approximate $100 million increase from fiscal year 1986 to 1987. I can take a further look at that. We go from $11.166 billion to $11.263 billion, which is about a $100 million increase.

The backlog does increase; however, that is not an indication that the Department is showing any lesser priority in this important area of the budget.

Mr. MURTHA. If funding is going down in real terms, we would expect the backlog in maintenance to increase substantially more than you have projected here.

How did you come up with these backlog figures?

Mr. FLINN. The backlog reflects service estimates at a point in time. However, requirements change. It is based on the level of equipment due in for repair at the end of the preceding fiscal year.

Mr. MURTHA. So it is quite possible that you are fairly up to date, you can get by for a while and all at once it could jump substantially, is that what you are saying?

Mr. FLINN. It could. The backlog is not static. It is a program that changes over time. The backlogs we present in the budget are a snapshot at a point in time. It could be very different today from what we have reflected in the budget.

Mr. MURTHA. As we understand, the services disagree with your backlog figure and they think there is going to be a substantially larger backlog than you have projected. We are concerned about actually what is going to happen. We want to make sure that O&M is funded adequately, and if you don't give us accurate figures, you are going to end up having a much bigger backlog. The very thing we don't want to happen is going to happen.

The information we have from the services shows they anticipate a much bigger backlog with the amount of cutback that you are talking about.

Mr. FLINN. Yes, I am aware of that. It is on interpretation of requirements. During our fall review, we had a very extensive review of these backlog estimates.

Mr. MURTHA. What worries us is that the Services continue to buy large weapon systems. They continue to apportion the money for equipment, but when it comes to O&M, it seems it is the first hurt. We continually stress and put money into O&M to help maintain readiness and now it looks like we are going in opposite directions.

I would think the service would know what their backlog is going to be and wouldn't overestimate the backlog.

Mr. FLINN. They wouldn't overestimate. The difference relates to quantifying what the backlog is.

Mr. MURTHA. I would encourage them to be accurate because this is one area where we really have a problem. This committee has been in the forefront in trying to make sure, so I would hope you would go back and look at these figures and see if you can resolve the difference between the Services and OSD.

We have a few more questions on this subject we would like you to answer for the record.

[CLERK'S NOTE.—Questions submitted for the record and the answers thereto follow:]

Question. Knowing the obvious readiness and safety issues associated with depot maintenance, why has the Department reversed its previous commitments of fully funding its requirements?

Answer. The Department remains committed to funding depot maintenance requirements to the maximum extent feasible. Within existing financial resources, the Department attempts to strike a reasonable balance in the funding levels in support of depot maintenance and other programs. Striking this balance frequently means that some requirements will go unfunded.

The presence of depot maintenance backlogs does not mean that the Department has abandond its goal of minimizing such backlogs. As we formulated the FY 1987 President's budget, it just was not possible to fund all of the Department's requirements within the fiscal resource levels available. The FY 1987 budget provides for the funding of approximately 99 percent of our estimated depot maintenance efforts. This compares favorably with funding levels of 95 percent in the FY 1985 and FY 1986 President's budget.

Question. Several years ago this committee became involved in a dispute with the Department over whether or not a backlog in depot maintenance existed. At that time, we received copies of internal documents which revealed that the Office of the Secretary of Defense was adjusting the Services' depot maintenance funding, and then adjusting their depot maintenance requirements in order not to show a backlog. We have received copies of internal DoD documents which indicate that again there appears to be an effort on the part of OSD to drive down the requirements as determined by the Services, in order not to show a depot maintenance backlog in FY 1987.

What was the basis for OSD's decision to reduce the Services' estimates for depot maintenance requirements?

Answer. No attempt was made by OSD to drive down the Services' estimate of depot maintenance requirements in order to avoid showing a backlog. To the contrary, a conscious decision was made to accept depot maintenance backlogs in the budget where valid requirements appeared to exist.

Each of the Military Departments uses sophisticated models or systems to develop these estimates. These models and systems are basically sound and reasonably accurate. In some instances, however, OSD found that actual depot maintenance requirements tended to be less than those initially projected by the Military Departments in their budgets. In those instances where experience indicated that the Services' models or systems tended to overestimate ultimate requirements, OSD adjusted the Military Department's estimates to more nearly reflect actual experience. In other instances, additional resources were added to the depot maintenance funding levels requested by the Services. These additional funds should have resulted in a comparable reduction in the depot maintenance backlog. In some instances, however, the Services disagreed with these adjustments, or their impact. Ultimately OSD directed the Services to adjust their budgets to reflect the changes approved by the Deputy Secretary.

Question. Can you assure the Committee, assuming you receive your requested funds, that we will see the level of backlogs identified by you?

Answer. The Department believes that the funding levels requested in the FY 1987 President's budget should achieve the backlog levels projected in the FY 1987 President's budget. Accurately estimating depot maintenance requirements far in advance of actual budget execution, however, is a complex and difficult task at best. Given the nature of the depot maintenance program, and the large number of variable factors involved, it is not possible to assure the Committee that any particular funding level will ultimately achieve a specified level of backlog.

Question. Are we starting to see what some claimed to be the inevitable outcome of the Department's ambitious equipment moderization of the past five years—that is the inability to fully fund the readiness accounts?

Answer. No. The Department believes it can, and will, continue to fund readiness programs at adequate levels. In the current fiscally constrained environment, the Department is forced to make difficult choices concerning the funding levels of many different programs. While the Department believes it has funded, and will continue to fund, essential programs at adequate levels, it is just not possible to fully fund all of the Department's requirements. In this environment, the Department attempts to fund, to the maximum extent feasible, each of those programs considered essential to accomplish DoD's missions. In funding these various requirements, however, the Department strives to achieve a reasonable balance among all of its essential programs rather than fully funding just one.

For example, it may not be in the Department's best interest to fully fund all depot maintenance requirements if these requirements could only be financed by reducing essential flying hours, steaming days, and other training and missions efforts. While the FY 1987 President's budget may not fully fund all readiness programs, the Department believes that the budget reflects a reasonable balance among such programs.

Question. For the record, provide by Service for FY 1984, FY 1985, FY 1986 and FY 1987 a track of the depot maintenance requirement, the funded depot maintenance program and the financial backlog, broken out by ship, aircraft, and vehicle, from the initial budget request to the operating year estimate to actual obligations for each year.

[The requested information follows:]

ARMY DEPOT MAINTENANCE AMOUNTS

[In millions of dollars]

	Initial budget estimate	Operating year estimate	Actual amounts
Fiscal year 1984			
Financial requirement	1,440.9	1,459.2	1,440.4
Aircraft	385.9	427.3	399.9
Vehicle	474.1	439.3	416.5
Other	580.9	592.6	624.0
Funded program	1,336.8	1,330.6	1,258.4
Aircraft	365.9	377.5	366.9
Vehicle	474.1	438.3	406.5
Other	496.8	514.8	485.0
Financial backlog	104.1	128.6	182.0
Aircraft	20.0	49.8	33.0
Vehicle		1.0	10.0
Other	84.1	77.8	139.0
Fiscal year 1985			
Financial requirement	1,793.4	1,628.6	1,578.4
Aircraft	555.6	515.6	481.2
Vehicle	550.7	442.1	449.6
Other	687.1	670.9	647.6
Funded program	1,662.4	1,612.6	1,562.0
Aircraft	520.6	507.6	476.2
Vehicle	500.7	434.1	448.0
Other	641.1	670.9	637.8
Financial backlog	131.0	16.0	16.4
Aircraft	35.0	8.0	5.0
Vehicle	50.0	8.0	1.6

ARMY DEPOT MAINTENANCE AMOUNTS—Continued

[In millions of dollars]

	Initial budget estimate	Operating year estimate	Actual amounts
Other	46.0		9.8
Fiscal year 1986			
Financial requirement	1,683.4	1,597.2	
Aircraft	574.3	527.8	
Vehicle	507.4	455.9	
Other	601.7	613.5	
Funded program	1,672.4	1,597.2	
Aircraft	569.3	527.8	
Vehicle	501.4	455.9	
Other	601.7	613.5	
Financial backlog	11.0		
Aircraft	5.0		
Vehicle	6.0		
Other			
Fiscal year 1987			
Financial requirement	1,588.2		
Aircraft	543.6		
Vehicle	489.5		
Other	555.1		
Funded program	1,588.2		
Aircraft	543.6		
Vehicle	489.5		
Other	555.1		
Financial backlog			
Aircraft			
Vehicle			
Other			

NAVY DEPOT MAINTENANCE AMOUNTS

[In millions of dollars]

	Initial budget estimate	Operating year estimate	Actual amounts
Fiscal year 1984			
Financial requirement	6,319.2	6,770.0	6,009.1
Ship	3,589.9	3,646.7	3,327.1
Aircraft	1,993.9	2,224.2	1,851.3
Other	735.4	899.1	830.7
Funded program	6,208.3	6,376.2	5,731.2
Ship	3,479.0	3,515.8	3,196.2
Aircraft	1,993.9	2,107.3	1,805.8
Other	735.4	753.1	729.2
Financial backlog	110.9	393.8	277.9
Ship	110.9	130.9	130.9

NAVY DEPOT MAINTENANCE AMOUNTS—Continued

[In millions of dollars]

	Initial budget estimate	Operating year estimate	Actual amounts
Aircraft		116.9	45.5
Other		146.0	101.5
Fiscal year 1985			
Financial requirement	7,395.0	6,887.5	6,371.9
Ship	4,156.6	4,088.1	3,785.1
Aircraft	2,154.5	1,733.4	1,599.5
Other	1,083.9	1,066.0	987.3
Funded program	7,063.0	6,619.4	6,213.5
Ship	4,101.3	4,088.1	3,785.1
Aircraft	2,062.9	1,678.0	1,599.5
Other	898.8	853.3	828.9
Financial backlog	332.0	268.1	158.4
Ship	55.3		
Aircraft	91.6	55.4	
Other	185.1	212.7	158.4
Fiscal year 1986			
Financial requirement	6,188.8	5,793.1	
Ship	3,761.0	3,690.9	
Aircraft	1,162.8	1,067.8	
Other	1,265.0	1,034.4	
Funded program	5,707.7	5,733.0	
Ship	3,680.5	3,690.9	
Aircraft	1,016.4	1,056.7	
Other	1,010.8	985.4	
Financial backlog	481.1	60.1	
Ship	80.5		
Aircraft	146.4	11.1	
Other	254.2	49.0	
Fiscal year 1987			
Financial requirement	6,033.7		
Ship	3,900.8		
Aircraft	1,126.0		
Other	1,006.9		
Funded program	5,893.7		
Ship	3,900.8		
Aircraft	1,020.6		
Other	972.3		
Financial backlog	140.0		
Ship			
Aircraft	105.4		
Other	34.6		

MARINE CORPS DEPOT MAINTENANCE AMOUNTS

[In millions of dollars]

	Initial budget estimate	Operating year estimate	Actual amounts
Fiscal year 1984			
Financial requirement	88.6	100.5	85.1
Vehicle	25.9	21.9	23.3
Other	62.7	78.6	61.8
Funded program	88.6	94.0	85.1
Vehicle	25.9	21.3	23.3
Other	62.7	72.7	61.8
Financial backlog		6.5	
Vehicle		.6	
Other		5.9	
Fiscal year 1985			
Financial requirement	110.2	104.8	92.6
Vehicle	20.7	22.2	26.4
Other	89.5	82.6	66.2
Funded program	106.9	104.8	92.6
Vehicle	20.7	22.2	26.4
Other	86.2	82.6	66.2
Financial backlog	3.3		
Vehicle			
Other	3.3		
Fiscal year 1986			
Financial requirement	102.2	100.8	
Vehicle	26.3	25.6	
Other	75.9	75.2	
Funded program	102.2	100.8	
Vehicle	26.3	25.6	
Other	75.9	75.2	
Financial backlog			
Vehicle			
Other			
Fiscal year 1987			
Financial requirement	115.8		
Vehicle	43.4		
Other	72.4		
Funded program	102.1		
Vehicle	41.0		
Other	61.1		
Financial backlog	13.7		
Vehicle	2.4		
Other	11.3		

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AIR FORCE DEPOT MAINTENANCE AMOUNTS

[In millions of dollars]

	Initial budget estimate	Operating year estimate	Actual amounts
Fiscal year 1984			
Financial requirements	3,253.6	3,472.1	3,453.7
Aircraft	2,801.3	3,003.9	2,885.8
Other	452.3	468.2	567.9
Funded program	3,220.8	3,154.7	3,275.1
Aircraft	2,774.3	2,722.6	2,720.9
Other	446.5	432.1	554.2
Financial backlog	32.8	317.4	178.6
Aircraft	27.0	281.3	164.9
Other	5.8	36.1	13.7
Fiscal year 1985			
Financial requirement	3,908.0	3,820.1	3,566.2
Aircraft	3,200.4	3,147.2	2,837.2
Other*	707.6	672.9	729.0
Funded program	3,774.2	3,807.1	3,566.2
Aircraft	3,080.5	3,135.5	2,837.2
Other*	693.7	671.6	729.0
Financial backlog	133.8	13.0	
Vehicle	119.9	11.7	
Other	13.9	1.3	
Fiscal year 1986			
Financial requirement	3,935.6	3,735.4	
Aircraft	3,200.3	2,949.5	
Other	735.3	785.9	
Funded program	3,875.6	3,735.4	
Aircraft	3,146.3	2,949.5	
Other	729.3	785.9	
Financial backlog	60.0		
Aircraft	54.0		
Other	6.0		
Fiscal year 1987			
Financial requirement	3,679.3		
Aircraft	2,844.3		
Other	835.0		
Funded program	3,679.3		
Aircraft	2,844.3		
Other	835.0		
Financial backlog			
Vehicle			
Other			

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* The initial budget estimate for fiscal year 1985 includes amounts for Big Safari and Interim Contractor Support programs to make the initial budget estimate amounts comparable to those amounts subsequently reported in the operating year estimate and actual amounts.

[CLERK'S NOTE.—End of questions submitted for the record.]

MODERNIZATION PROGRAM

Mr. **MURTHA**. Regarding modernization, the Department's modernization programs show approximately a $285 million real decline in fiscal year 1987. Considering this real decline of about $285 million, why do we see only a $68.4 million increase in the financial backlog?

Mr. **FLINN**. The modernization program is not a constant program from year to year. It rises and falls based on the equipment we have procured to install and the availability of ships and aircraft. There is not necessarily a direct relationship between the backlog estimate and the level of financing that we have in this program.

This is a rather unique area. We have covered about 97 percent of the requirements for installation of mods for fiscal year 1987.

Mr. **MURTHA**. This backlog, is this just one of those inventory-type backlogs where you always have a certain backlog as you are modernizing in order to have it proficient. Do you have a certain backlog?

Mr. **FLINN**. That is right, depending on the availability of a weapons system. It may be that we can not install that particular mod on a vessel at a given point in time.

Mr. **MURTHA**. Provide for the record a list of the number and type of each item of equipment that will not be modernized as a result of the financial backlog in fiscal year 1987.

Mr. **FLINN**. Yes, sir.

[The information follows:]

Requirements in any one year will vary based on the actual delivery of modification kits and the availability of aircraft, ships, and other weapon systems and equipment for depot maintenance. Given the many factors involved, the potential for variance between scheduled and actual deliveries of modification kits and scheduled and actual depot maintenance efforts, is significant. Based on potential significant variances in particular weapons systems it is not feasible to predict, with any accuracy, the number or type of weapons systems, if any, which ultimately may not be installed.

Mr. **MURTHA**. For the record, explain why the Department is showing a backlog at all and why aren't you fully funding this very important program which upgrades equipment for our forces to provide the latest capabilities?

[The information follows:]

Modernization costs are those costs associated with the installation of equipment and kits intended to upgrade existing aircraft, ships, and other weapon systems. Modification equipment or kits are generally installed while the applicable weapons systems are undergoing depot maintenance.

Modification equipment and kits usually have long lead times and are purchased in periods prior to that in which they are delivered and installed. Modernization funding requirements (which include the installation costs only and not the procurement costs) are projected based on scheduled deliveries and the scheduled availability of aircraft, ships, and other weapon systems and equipment for depot maintenance. Each of these factors can be highly variable. Thus, it is difficult to project, far in advance of actual execution, what actual requirements will ultimately be.

In developing the FY 1987 President's budget, it was not possible to fully fund all of the Department's requirements. The FY 1987 President's budget provides funding for 97 percent of the modernization requirements estimated to be realized in FY

1987 (as compared to only 95 percent in the FY 1986 President's budget). The Department believes that funding the modernization program at 97 percent of estimated requirements represents a reasonable funding balance in view of the funding constraints faced by the Department and the uncertainties of a program of this nature.

REAL PROPERTY MAINTENANCE

Mr. MURTHA. Let's talk about real property maintenance and repair backlogs, Mr. Flinn.

The total backlog of maintenance and repair for the Department of Defense decreases almost $100 million from fiscal year 1986 to fiscal year 1987. While on the surface this appears to comply with congressional direction to contain BMAR, it does so only for the Air Force, Defense Agencies, and the reserve forces.

The Army claims a real decline in BMAR is negated by foreign currency changes, while the Navy and Marine Corps both show an increase in BMAR in fiscal year 1987.

Why has OSD allowed the Navy and Marine Corps to underfund this program, which has proven to have long-term readiness impacts?

Mr. FLINN. Sir, we do provide goals to the services in various areas and objectives that we want them to achieve. However, we do let the service determine in any given year the order of priorities and what you are seeing here is a decision by the Navy and the Marine Corps to reduce the level of funds for real property maintenance. It is a balance of priorities that we are confronted with here.

Mr. MURTHA. We have a number of questions for the record, Mr. Flinn, if you will answer those.

[CLERK'S NOTE.—Questions submitted for the record and the answers thereto follow:]

Question. In the O&M Overview Report, it is stated that $426.7 million in price growth and $165 million in real growth occurs in FY 1987 over FY 1986 levels of $5 billion in Real Property Maintenance funding.

This level of price growth equates to an increase of 8.5% in inflation and other price increases. What is causing this large price increase in excess of the standard inflation rate of 4%?

Answer. Price growth for Real Property Maintenance (RPM) of $426.7 million is composed of $160.6 million for projected inflation and $266.1 million for the decrease in the value of the US dollar in terms of foreign currencies. For example, the FY 1986 foreign currency execution rate for the German Deutsche Mark (DM), a critical currency for the Army, is 3.73 DM to the US dollar. In FY 1987 the budgeted DM rate drops to 2.46, a decline in the value of the US dollar of 34%.

Question. Provide for the record a detailed breakout of the increases/decreases in prices that result in this net 8.5% growth of $426.7 million?

Answer. The table below displays the amounts included in the 8.5% rate for foreign currency and other price growth (general inflation). Overall, 5.3% of the 8.5% is a result of foreign currency changes and 3.2% is for other price growth. The $220.5 million foreign currency amount for the Army is largely driven by the

Army's large presence in Germany and the 34% decline in the value of the dollar in terms of the DM.

Active	FY 1986	Change for foreign currency	Other price growth	Foreign currency rate	Other price growth rate
O&M, Army	1,602.4	220.5	59.1	13.7	3.7
O&M, Navy	995.7	21.6	43.1	2.2	[1] 4.3
O&M, Marine Corps	259.3		7.9		3.0
O&M, Air Force	1,729.7	24.0	34.8	1.4	2.0
Reserves	265.5		9.5		3.6
Defense Agencies	155.0		6.2		4.0
Total	5,007.6	266.1	160.6	5.3	[2] 3.2

[1] Rate exceeds 4.0% general inflation because of the significant purchases from Industrially Funded Public Work Centers (PWC). The PWC composite price growth rate in FY 1987 is 8.9%. Excluding these purchases the Navy other price growth rate [illegible].

[2] Generally less than 4.0% because of inclusions of civilian personnel costs (which reflects no price growth) in the program base.

Question. Is the Department beginning to regress back to the situation it was in the late 70's when the readiness accounts were underfunded to the detriment of the Department's facilities?

Answer. The Department does not believe the level of support for real property maintenance in FY 1987 indicates a lessening in readiness support or support to real property maintenance. The real property maintenance real growth is $165 million, price growth is provided, and the BMAR is estimated to decline nearly $100 million. This decline would have been much greater except for the repricing of the backlog to account for the change in the value of the US dollar in relation to other currencies.

Question. The O&M Overview states that the Army's BMAR increase results from foreign currency rate changes which lowered the value of the dollar and that in actuality their BMAR goes down by $212 million. The Army takes credit for lowering their BMAR from $2,288.1 million in FY 1981 to the FY 1987 estimate of $999.4 million, when much of the credit rightfully should go to the strengthening in the dollar over that period. What would the Army's BMAR be today compared to FY 1981, if foreign currency rates are held to FY 1981 levels?

Answer. The Army's FY 1987 BMAR estimate of $999 million includes $553 million BMAR in Europe, budgeted at 2.46 DM per dollar. The FY 1981 figure of $2,288 million includes $1,271 million in Europe at 1.78 DM per dollar. Converting the FY 1987 Europe BMAR back to the FY 1981 exchange rate raises the estimate from $553 million to $746 million. This difference of $211 million ($764 less $553) is that portion attributable to currency fluctuations. The remainder of the decline in Europe since FY 1981 of $507 million ($1,271 less $764) is actual BMAR decline due to facility improvement.

The effect of currency fluctuation has been more pronounced in recent years when the budget exchange rate was as high as 3.73DM per dollar (in FY 1986). In FY 1986 the BMAR estimate of $952M includes $436M in Europe. Converting $436M back to the FY 1981 exchange rate (1.78 DM) gives an estimate of $914M. The difference of $478 ($914 less $436) is attributable to currency fluctuation. The balance of the difference since FY 1981 of $357M ($1,271 less $914) is due to facility improvement through FY 1986.

This is summarized below:

	FY 1981	FY 1986	FY 1987
BMAR estimate	2,288	952	999
Europe BMAR	1,271	436	553
Conversion rate	1.78	3.73	2.46
Europe est @ 1.78	1,271	914	764
Total BMAR at constant FY 1981 currency rate of 1.78 and then year dollars	2,288	1,430	1,210

Question. Provide, by Service, the BMAR levels from FY 1980 to FY 1987 projections, first in then-year dollars, then in current dollars adjusted for inflation only, then in then-year dollars adjusted for foreign currency rate adjustments only, then in current dollars adjusted for both inflation and foreign currency adjustments.

Answer. The table below provides the requested BMAR data for the Service active O&M accounts only. Foreign currency fluctuation variances do not affect the Reserve O&M accounts. Additionally, the Navy does not keep historical data addressing the foreign currency rate changes because the plant value of those installations in which foreign currency is involved is only 1.5% of the total plant value of all Navy installations.

[In millions of dollars]

	Army	Navy	Air Force	Marine Corps
Then year dollars:				
FY 1980	1,853.0	587.0	488.6	167.1
FY 1981	2,288.0	655.4	529.5	203.2
FY 1982	2,132.0	717.0	507.1	194.5
FY 1983	1,761.0	800.0	652.8	190.7
FY 1984	1,514.0	890.0	694.1	193.8
FY 1985	1,148.0	1,025.0	684.1	258.6
FY 1986	952.0	948.0	639.8	330.8
FY 1987	999.4	952.0	501.7	356.5
Constant dollars:				
FY 1980	2,582.0	818.0	680.9	232.8
FY 1981	2,918.0	836.0	529.5	259.2
FY 1982	2,560.0	861.0	507.1	233.5
FY 1983	2,035.0	924.0	652.8	220.4
FY 1984	1,687.0	991.2	694.1	215.9
FY 1985	1,236.0	1,103.6	684.1	278.4
FY 1986	990.0	986.0	639.8	344.1
FY 1987	999.4	952.0	501.7	356.5
Then year dollars adjusted for foreign currency:				
FY 1980	1,763.0		N/A	171.9
FY 1981	1,337.0		N/A	209.2
FY 1982	1,944.0		N/A	233.6
FY 1983	1,958.0		659.1	202.5
FY 1984	1,597.0		696.0	199.6
FY 1985	1,335.0		702.9	266.7
FY 1986	1,177.0		683.0	347.0
FY 1987	999.4		501.7	356.5
Constant year dollars adjusted for foreign currency:				
FY 1980	2,457.0		N/A	237.7
FY 1981	2,471.0		N/A	265.2
FY 1982	2,334.0		N/A	272.6
FY 1983	2,263.0		761.5	232.2
FY 1984	1,780.0		775.3	221.7
FY 1985	1,437.0		756.6	286.5

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[In millions of dollars]

	Army	Navy	Air Force	Marine Corps
FY 1986	1,224.0		710.3	360.2
FY 1987	999.4		501.7	356.5

Question. Provide, by Service, the estimated amount included for real property maintenance supplies and materials, both stock fund and non-fund, for FY 1985, FY 1986, and FY 1987.

Answer. The table below identifies the requested data for each of the Services by fiscal year. The data includes all O&M accounts by Service.

[In millions of dollars]

Service	FY 1985	FY 1986	FY 1987
Army	204.7	204.5	196.2
Navy	34.6	29.4	30.2
Air Force	244.4	256.0	268.9
Marine Corps	30.9	29.0	32.9

FOREIGN CURRENCY RATES

Question. In fiscal year 1979, the Congress established the Foreign Currency Fluctuation, Defense appropriation to absorb the losses as well as gains from fluctuations in the exchange rate of the U.S. dollar overseas. The purpose of this fund was to prevent any adverse impacts on defense programs due to losses resulting from unfavorable exchange rates. For the past several years, the strength of the dollar resulted in the foreign currency fund generating profits against most foreign currencies when compared to original estimates.

In FY 1986, the Congress reduced $468,000,000 from the O&M accounts and directed the Department to transfer that amount from excess profits derived in the foreign curency fluctuation account in FY 1985. An additional $400,000,000 was reduced from the O&M accounts based on more favorable foreign currency rates. What is the status of the fund in FY 1986, are you earning profits or are you having to pay amounts out to the O&M accounts?

Answer. The current balance in the Foreign Currency Fluctuations, Defense appropriation is $289.6 million. At this time the Department is not experiencing favorable variances when the budget rates are compared to the actual rates employed at disbursement. With the steady decline in the value of the U.S. dollar during the past year, the Department is having to finance the unfavorable variances that are being realized. For example, the approved FY 1986 execution rate for the German Deutsche Mark is 3.73 Deutsche Marks to one U.S. dollar compared to the recent experience of 2.19 to 2.39 Deutsche Marks to one U.S. dollar. For the Japanese yen the approved FY 1986 execution rate is 322.41 yen to one U.S. dollar. The Department is currently experiencing an exchange of 171.30 to 182.55 yen to one U.S. dollar.

Question. What do you anticipate the balance of the fund to be by the end of FY 1986, first assuming no transfers in of unobligated balances, and second assuming those transfers?

Answer. Assuming that the value of the U.S. dollar for the remainder of FY 1986 will remain where it was in early April and assuming no transfers in of unobligated balances, there will be no funds remaining in the Foreign Currency Fluctuations, Defense appropriation by the end of FY 1986. With no funds available in the Foreign Currency Fluctuations, Defense appropriation the Department will have to reduce approximately $533 million of approved program to finance the unfavorable variances realized. On the other hand, assuming that the value of the U.S. dollar for the remainder of FY 1986 will remain where it was in early April and that FY 1984 and FY 1985 O&M unobligated balances are available for transfer from the various Operation and Maintenance appropriations to replenish the Foreign Currency Fluctuations, Defense appropriation, the balance in the account at the end of FY 1986 will be approximately $58 million. The projected programmatic reduction of $533 million and the projected balance in the Foreign Currency Fluctuations, Defense appropriation of $58 million is subject to significant changes depending upon the strength of the value of the U.S. dollar compared to other foreign currency exchange rates. During 1986 the value of the U.S. dollar has been on a steady downward trend.

Question. What will the balance be by the end of FY 1987?

Answer. Given the volatility in the value of the U.S. dollar it is too soon to project a balance for the end of FY 1987.

Question. Based on the foreign currency rates you used in estimating your FY 1987 budget and the current rates, what do you believe is the correct balance required for the fund of FY 1987?

Answer. Based on the exchange rates experienced in early April approximately $500 million would be a reasonable balance to finance the unfavorable variances projected to occur during FY 1987. However, if the foreign currency exchange rates stabilized at the rates experienced in late April then approximately $1.5 billion would be required to finance projected realized variances.

Question. The GAO has expressed some concerns with the way the DoD manages its foreign currency fluctuation account. Would you please provide comments for the record from your perspective on each of the issues raised by GAO?

Answer. The availability of the Foreign Currency Fluctuations, Defense (FCF,D) appropriation has allowed the Department of execute congressionally approved programs regardless of the fluctuation in the value of the U.S. dollar. The FCF,D appropriation was established by Congress as a transfer account. The purpose of the account is to enable the Department to accomplish the program levels approved by the Congress without regard to changes in foreign currency exchanges rates. Funds are transferred from the FCF,D appropriation to the various Operation and Maintenance (O&M) appropriations when actual exchange rates at the time of disbursement are less favorable than the exchange rates employed in the budget. These funds can only be used to cover unfavorable fluctuations in currency exchange rates. Gains from foreign currency fluctuations accrued during program execution must be transferred to the FCF,D appropriation. GAO observed that funds from specific O&M appropriations, which are one-year funds, are merged with and become no-year funds when transferred to the FCF,D appropriation. Through congressional legislation the Congress provided the authority for transferred favorable realized variances and unobligated balances to become no-year funds once the funds are transferred to the FCF,D appropriation. P.L. 95-457, which established the FCF,D appropriation, states that "funds tranferred to this appropriation shall be merged with, and be available for the purpose of this appropriation until expended." P.L. 97-377 Sec. 791, which provided the authority to transfer O&M unobligated balances, also states "unobligated balances of such appropriations provided for fiscal year 1982 and thereafter may be transferred into the appropriation 'Foreign Currency Fluctuations, Defense' to be merged with and available for the same time period and the same purposes as the appropriation to which transferred."

GAO observed that DoD applies the $970 million cap on the FCF,D appropriation to certain unobligated balances unrelated to currency transactions and that the cap can be exceeded by transferring in other sources of funds. P.L. 97-377 Sec. 791, which provides the authority to transfer unobligated balances for FY 1982 and thereafter from the various O&M appropriations to the FCF,D appropriation, states "That any transfer made pursuant to any use of the authority provided by this provision shall be limited so that the amount in the appropriation "Foreign Currency Fluctuations, Defense' does not exceed $970,000,000 at the time such a transfer is made." There is no argument regarding when the cap of $970.0 million applies to the FCF,D appropriation since the general provision clearly states that "any use of the authority provided by *this* general provision shall be limited" (italic added for emphasis) so that the balance in the FCF,D appropriation shall not exceed $970.0 million "at the time the transfer is made." Clearly P.L. 97-377 Sec. 791 does not amend authority provided by previous general provisions to establish a cap on the FCF,D balance at $970.0 million when the other transfer authorities are used. The initial legislation (P.L. 95-457) states that "transfers shall be made from such appropriations to this appropriation to reflect upward fluctuations in currency exchange rates to prevent substantial net gains in such appropriations." The Department transfers realized variances to prevent the Components from employing the gains to finance additional program. When the U.S. dollar increases in value for a period of time when compared to the budget rates, the balance in the FCF,D appropriation will exceed the appropriated $970.0 million. When the value of the U.S. dollar is on a steady downward trend as it has been recently, then the funds in the FCF,D appropriation are used to finance the losses the programs are experiencing instead of having to request a supplemental appropriation from the Congress. The Department has only transferred funds to the FCF,D appropriation which are permissible by legislation. The GAO also observed that there have been considerable movement in and out of the FCF,D appropriation over its 7-year history regardless of whether the foreign currencies variances have been favorable or unfavorable. Congress has provided the Department with the authority to transfer funds to the FCF,D appropriation which include transferring realized variances generated due to favorable currency exchange rates, FCF.D funds previously transferred to the O&M appropriations to finance unfavorable variances which are no longer required, and prior year year O&M unobligated balances provided that the balance in the FCF.D appropriation does not exceed $970.0 million at the time the transfer is made. Over the past seven years $1.9 billion has been transferred from the FCF.D appropriation to the Components and $2.2 billion has been transferred from the Components to the FCF.D appropriation. The transfers due to fluctuations in the exchange rates are made based on the variances that occur at the time of disbursement between the obligation recorded at the budget rate and the outlay recorded at the actual rate in effect at the time of the disbursement. The budget rates used in the budget submissions are for planning purposes and are generally represenative of the foreign currency exchange rates in effect at the time of the budget submission to the Congress. However, the value of the U.S. dollar is dynamic and can be impacted by many factors during the availability of the funding. For example, the FY 1986 President's budget assumed an exchange rate of 3.22 German Deutsche Marks (DM) to one U.S. dollar. The Congress assumed that the value of the U.S. dollar would continue to increase and established a budget rate of 3.73 DM to one U.S. dollar. Instead of increasing in value as the Congress projected, the value of the U.S. dollar has been on a downward trend. The April 7, 1986 exchange rate was 2.39 DM to one U.S. dollar. Transfers from the FCF.D appropriation are required to finance the unfavorable realized variances. The Department will have to replenish the funds in FCF.D appropriation with transfers of available prior year O&M unobligated balances.

GAO also raised budget concept, accountability, and control issues as to the Governmentwide applicability of the concept of the FCF.D appropriation. The Department submits the President's budget to the Congress generally assuming that the foreign currency exchange rates being experienced at the time the budget is being formulated will continue to be experienced during the availability of the program. Unless adjusted by the Congress these rates will become the final budget rates for program execution. During execution, obligations are recorded at the final budget rates and outlays are recorded at the actual rates in effect at the time of the disbursement. Any differences between the amount of the obligation at the budget rate and the amount of the outlay at the actual rate are recorded in the Component's Centrally Managed Allotment (CMA). To protect programs during execution a Component may request transfers from the FCF.D to its CMA to finance the costs of unfavorable exchange rates. Dollar gains from more favorable than budgeted exchange rates must be transferred from the Components' CMA to the FCF.D appropriation. With each Component having a CMA and with required monthly accounting reports the Department has not experienced problems in controlling or accounting for the transfers due to favorable or unfavorable variances.

ENVIRONMENTAL RESTORATION/HAZARDOUS WASTE DISPOSAL

Question. In FY 1986, $379,100,000 was appropriated for Environmental Restoration, to include Hazardous Waste Disposal. In FY 1987, the Department has segregated these two programs and has requested $385,900,000 for Environmental Restoration and $71,500,000 for Hazardous Waste Disposal.

Mr. Flinn, your overview report identifies a total for Environmental Restoration/Hazardous Waste Disposal funding of only $350,900,000 for FY 1986 versus the $379,100,000 appropriated. Why are you not spending the full appropriation, and what projects will not be started?

Answer. The Department is planning on obligating the full appropriation. Of the $379.1 million appropriated for environmental efforts and hazardous waste disposal operations in FY 1986, the FY 1987 President's budget reflects the transfers of $350.9 million to the Operation and Maintenance appropriations, $22.6 million to the Procurement appropriations, and $5.6 million to Research, Development, Test and Evaluation appropriations from the Environmental Restoration, Defense transfer appropriation. Since the Department has more environmental projects than it has funding, there are many requirements that will not be funded in FY 1986.

Question. Please provide a list of planned projects for both FY 1986 and FY 1987 for Environmental Restoration.

Answer. The following is a representative list of the kinds of environmental projects planned for FY 1986 many of which will continue into FY 1987 as the various phases are completed.

Army.—Investigation of hazardous waste contamination at the Sacramento Army Depot in Sacramento, CA. Cleanup actions of contaminated sites including thermal stripping and groundwater restoration at the Letterkenny Army Depot in Chambersburg, PA. Restoration of contaminated groundwater at the Anniston Army Depot in Anniston, AL.

Navy.—Confirmation studies at the Moffett Naval Air Station in CA and the Naval Weapons Station Earle in Colts Neck, NJ. Removal of contaminated soil at six sites located at the Naval Air Engineering Center in Lakehurst, NJ.

Air Force.—Cleanup actions of contaminated sites at Norton Air Force Base in San Bernadino, CA; at Castle Air Force Base in Merced, CA; and Mather Air Force Base in CA.

DLA.—Investigations of hazardous waste contamination at the Ogden Defense Depot in Ogden, UT and at the Defense General Supply Center in Chesterfield County, VA. Cleanup actions of contaminated sites at DFSP in Charleston, SC.

Question. Please provide a list of Hazardous Waste Disposal efforts for FY 1986 and FY 1987.

Answer. Hazardous waste disposal operations are performed at every base where commercial-type or industrial-type activities occur. For the Department this is about 200 different locations. Approximately 90% of the generated waste occurs at 10% of the locations which are heavily industrial oriented like the Naval Air Rework Facilities, depot maintenance locations, shipyards, etc.

DEFENSE STOCK FUNDS

FUEL PRICES

Question. The Department purchases its petroleum products on a wholesale basis centrally through the Defense Stock fund. Prices charged the O&M customers are set at a stabilized rate established in conjunction with the President's budget request.

The FY 1987 composite rate per barrel for aviation fuel, motor gas, etc. is $31.50 per barrel. Could you explain to the Committee how this rate was computed?

Answer. The FY 1987 composite rate was computed by adjusting the FY 1985 actual composite rate for projected price changes in FY 1986 and FY 1987. The budget assumed a price drop of 7.3 percent in FY 1986 and 4.3 percent in FY 1987.

Question. The FY 1987 rate was based on fuel prices in the November/December time frame. Since then, the price of crude oil has dropped even further. Is there a means of applying changes in current crude oil prices to the price the stock fund will pay for refined products in FY 1986 and FY 1987.

Answer. Generally, the change in the price of crude oil should be passed on to the Department of Defense in the price that DoD pays to the refiner. However, there are several reasons for caution. First, because DoD did project a drop in fuel prices in both FY 1986 and FY 1987, the current change in crude oil prices cannot be directly translated into a reduction to the DoD budget. Second, the spot market crude oil prices that are given the most publicity do not reflect the industry as a whole. As a consequence, a reported change in crude oil prices will not necessarily be reflected dollar for dollar in a change in DoD refined fuel prices. Third, because DoD buys refined fuel and not crude oil, there is a lag between the time crude oil prices drop and those price changes are reflected in the DoD contracts. The lag is due to the time it takes refiners to refine higher priced crude oil that was purchased before a price drop and the competition in the marketplace.

Question. Is there a rule of thumb that states that for each one dollar drop in crude oil, there occurs a similar or greater drop in refined products?

Answer. No. Although the prices of crude and refined products vary in the same direction, there is no specific dollar for dollar variance used as a rule of thumb. This is because the relationship between crude and refined costs varies based on refiners profit and competition.

Question. Is this true, taking a time-lag into consideration?

Answer. No. Again, there is no specific dollar change value to be used as a rule of thumb. The lag time will delay the effect of price changes in crude oil on price changes in refined products, but once the lag time has been overcome, it is difficult to say precisely how much of a crude oil change will be reflected in the price of refined products.

Question. How long does it take the Stock Fund to experience the lower costs associated with crude oil price costs?

Answer. The lag time is approximately 90 days.

Question. Please provide for the record a breakout for fiscal years 1985, 1986 and 1987 showing for each year by appropriation the total amount obligated (or to be obligated) for fuel purchased and the quantity of fuel (in millions of barrels) purchased.

Answer. The following are the dollars and barrels for fuel purchased or planned to be purchased by the Components for consumption purposes through the Defense Fuel Supply Center, the Services' Stock Funds, and local procurements directly by the Components.

FUEL PURCHASES

[$ and barrels in millions]

	FY 1985 actual		FY 1986 estimate		FY 1987 estimate	
	Barrels	Amt	Barrels	Amt	Barrels	Amt
Army	15.6	612.4	17.4	598.3	17.2	545.9
O&M	10.9	425.0	12.1	416.8	11.8	373.8
O&M, Reserve	.6	22.8	.6	19.2	.5	16.4
O&M, National Guard	1.5	60.9	1.7	59.5	1.9	61.7
RDT&E	.6	24.0	.9	30.2	.9	27.8
Family Housing	.9	34.4	.9	32.2	.9	28.3
Industrial Fund	1.2	45.3	1.2	40.5	1.2	38.0
Navy	64.1	2,539.2	65.5	2,293.2	66.4	2,124.8
O&M	47.6	1,933.4	48.1	1,697.6	48.9	1,576.1
O&M, Reserve	3.8	156.2	4.0	143.8	4.3	142.5
RDT&E	*	.9	.1	1.8	.1	2.2
Family Housing	.2	7.4	.2	6.3	.2	5.8
Industrial Fund	12.5	441.2	13.2	443.7	12.8	398.2
Marine Corps	1.0	38.1	1.1	36.0	1.0	30.8
O&M	1.0	36.3	1.0	34.1	.9	29.0
O&M, Reserve	*	1.6	*	1.7	.1	1.6
Industrial Fund	*	.2	*	.2	*	.2
Air Force	104.6	4,139.3	107.0	3,634.3	108.1	3,384.4
O&M	63.9	2,538.4	65.9	2,253.7	67.4	2,124.1
O&M, Reserve	3.5	138.2	4.0	133.1	4.4	135.4
O&M, National Guard	11.0	431.2	11.5	382.5	11.6	357.6
RDT&E	2.3	88.6	2.3	78.9	2.4	75.9
Family Housing	.9	34.2	.9	31.0	.9	29.4
Industrial Fund	23.0	908.7	22.5	755.2	21.4	662.1
Defense Agencies	.1	5.7	.1	5.1	.1	5.7
O&M	.1	5.7	.1	5.1	.1	5.7
Total DoD	185.4	7,334.6	191.0	6,567.0	192.7	6,091.6
O&M	143.8	5,749.6	148.9	5,146.9	152.0	4,823.8
RDT&E	2.9	113.6	3.2	110.9	3.3	105.9
Family Housing	1.9	76.1	2.0	69.5	2.0	63.5
Industrial Fund	36.7	1,395.4	36.8	1,239.6	35.4	1,098.5

* Less than 50 thousand.
Totals may not add due to rounding.

Question. Please provide for the record, a breakout, for fiscal years 1985, 1986 and 1987, by appropriation showing refunds from the fuel stock fund to the customer accounts.

Answer. The following chart reflects the fuel refunds from the Stock Funds to the Operation and Maintenance (O&M) customer's accounts.

STOCK FUND FUEL REFUNDS

[$ in millions]

	FY 1985	FY 1986
Army	429.1	50.0
O&M	421.7	34.8
O&M, Reserve	1.1	1.1

STOCK FUND FUEL REFUNDS—Continued

[$ in millions]

	FY 1985	FY 1986
O&M, National Guard	6.3	14.1
Navy	359.8	155.9
O&M	352.7	148.9
O&M, Reserve	7.1	7.0
Marine Corps	26.5	6.3
O&M	26.5	2.1
O&M, Reserve		4.2
Air Force	494.2	223.3
O&M	374.4	195.9
O&M, Reserve	64.0	7.4
O&M, National Guard	55.8	20.0
Total DOD	1,309.6	435.5

The FY 1987 President's budget assumes that there will be no fuel refunds from the stock Fund to the O&M customers' accounts for FY 1987.

STOCK FUND OVERVIEW

Question. Annually, in conjunction with the President's budget, the Department issues a report to the Congress, "Department of Defense Industrial Fund Overview." This report provides a detailed account of DoD's industrial fund operations and has greatly improved the Congress' ability to carry out its oversight responsibilities.

Is such a report available for Department of Defense Stock Funds and, if not, how long would it take the Department to develop one?

Answer. The Department of Defense stock funds submit congressional justification books to the Congress on an annual basis. These documents contain organizational structure, initiatives, total appropriation detail, and justification by commodity with asset position and spares deficits including a business statement which describes overall stock fund operations. These documents are intended to be the counterpart for the Industrial Fund Overview.

Question. Considering the large quantity of items purchased in the stock funds, don't you agree that a detailed report summarizing all of the Department's activities is essential, not only for congressional oversight, but also for OSD?

Answer. The justification books that are currently submitted to the Congress are summaries of detailed exhibits OSD reviews during the budget cycle. These books are considered to be satisfactory summaries of stock fund activities.

Question. The Committee requests that a preliminary report be provided for inclusion in the printed transcripts of this hearing.

Answer. We are enclosing a copy of the congressional justification book from each of the Military Services and the Defense Logistics Agency.

[CLERK'S NOTE.—The Committee found this answer to be unresponsive. The documents enclosed by DoD were provided previously to the Committee and will not be printed herein. The need for a Stock Fund Overview Report will be addressed in the Report accompanying the fiscal year 1987 Defense Appropriation Bill.]

STOCK FUND CASH

Question. The Congress reduced total O&M funding in FY 1986 by $1,608,100,000 and directed that this reduction be offset by a like refund from the Stock Funds. This refund was available due to the excess cash present in the Stock Funds in FY 1985 and the assumption that Stock Fund prices programed for FY 1986 would duplicate the FY 1985 excess cash levels.

Based on actual experience to date, does it appear that the above levels of excess cash are available for transfer from the Stock Funds to the O&M accounts?

Answer. Yes. The final portion of the congressionally directed refund of $2,043.6 million ($1,608.1 plus $435.5 fuel) is being accomplished in April 1986.

Question. What impact will the lower than anticipated inflation have on the stock funds in FY 1986? Will it result in cash levels in excess of the amounts projected when Congress recommended the above transfers?

Answer. A rough estimate of inflation impact on FY 1986 is $300 million. DoD anticipated further savings in the stock funds in FY 1986 by providing for the refund of $802.3 million of excess stock fund cash in FY 1987. Any inflation savings will contribute to generating the cash for this refund.

Question. Please provide for the record a track, by each Service Stock Fund, of the FY 1985 actual and FY 1986 projected stock fund cash levels, and whether these levels are excess to your 11-day reserve.

Answer. The following chart reflects the data requested on cash levels.

DOD STOCK FUNDS

[$ Millions]

	Army	Navy	Air Force	Marines	DLA	Total
FY 1985						
Cash level end FY 1985	1,240	1,914	1,716	60	1,360	6,290
Excess to 11 days	168	476	123	20	465	[1]1,212
FY 1986						
Cash projected end FY 1986	1,054	2,734	1,152	68	41	5,049
Excess to 11 days	–15	1,334	45	9	–418	[2]865

[1] These funds were excess to 11 days of cash, to the cash requirements for inventory augmentation and mobilization and to the requirements for a negative surcharge in FY 1986. They were applied against the $2,043.6 million FY 1986 congressional refund.

[2] Of this amount, $802 million will fund the refund schedule for October 1986.

USE OF "M" ACCOUNTS TO FINANCE STOCK FUND PURCHASES

Question. Prior to fiscal year 1984, the Department's policy concerning items purchased through the Stock Funds was to obligate appropriated funds upon delivery of the item. Under this concept, certain long-lead items could be ordered by a DOD activity, with obligation of funds not occurring for up to several years later. The

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Department requested $194,000,000 for fiscal year 1984 to implement a new policy that would buy-out the current stock fund pipeline. Under the new policy, the activities would have to obligate funds at the time an order is placed. Congress, while supporting the new policy, denied the funds because of fiscal constraints. The Army and Air Force were directed to implement the new policy within "available resources".

We understand that the "available resources" used by the Army and Air Force were derived primarily from the "M" or "successor account". How did you arrive at this decision to use the "M" account?

Answer. In implementing this change, the Army and the Air Force modified their procedures to charge obligations to the year in which items were ordered (rather than the year in which they were delivered). Obligations for items ordered in FY 1982 and FY 1983 were adjusted so as to be charged to FY 1982 and FY 1983 respectively, irrespective of when delivered. Orders placed during the "M" status fiscal years (FY 1981 or prior) were charged to the "M" status account (also irrespective of when delivered). The application of the policy change in a consistent manner inevitably required the use of "M" account funds for orders placed in the "M" account years.

Question. The Committee could understand the use of unobligated FY 1982 and 1983 balances to fund this change, because a case could be made that items ordered in 1982 and 1983 are being delivered in FY 1984. However, how can the Department justify a form of "backdoor financing" in which funds deposited in the "M" account are used for what appears to be totally unrelated purposes then for what they are budgeted?

Answer. The change in policy required that orders be charged to the year in which they were placed regardless of when actually delivered. Therefore, orders that had been obligated at the time of delivery were deobligated and reobligated for the period the order was placed. Thus, orders placed in any of the "M" account years that had been delivered in FY 1982 or FY 1983 were deobligated (in FY 1982 or FY 1983, as applicable) and reobligated in the "M" year account. This action was not considered to be "backdoor financing." The Department believes this adjustment was necessary to properly and consistently reflect the desired financial policy required to comply with geneally accepted accounting standards as endorsed by GAO and directed by the Congress.

Question. Was the use of the "M" account in this instance a reprograming of funds without congressional approval, since it essentially is a transfer of funds, in excess of the reprograming threshold, into the O&M, Army and Air Force accounts to cover FY 1984 requirements?

Answer. The use of the "M" account was not a reprograming of funds to cover FY 1984 requirements. Rather the "M" account was used to effect adjustments that were required as a result of implementing the policy change. This change more properly reflected obligations in the year orders were placed.

Question. Does not use of "M" account funds to finance FY 1984 requirements in effect improperly extend the available life of the appropriations used?

Answer. The "M" account was not used to finance FY 1984 requirements. "M" account funds were used only to finance items ordered in "M" account years but not charged to those years. The use of the "M" account funds for those purposes does not improperly extend the life of appropriations. The law permits the use of "M" account funds for the purpose of adjusting or liquidating valid obligations.

Question. Why did the Army and Air Force obligate $563 million for this buy-out of the pipeline, when they had requested only $194 million in new budget authority for this purpose?

Answer. The initial estimate of $194.6 million as contained in the FY 1984 President's budget request represented the Department's estimate at the time the FY 1984 President's budget was formulated. As additional time went by and more accurate information became available it was apparent that DoD had underestimated the one-time financial impact of the policy change.

Question. Did this obligation of over three times the amount of goods allow the Services to offset some of their other 1984 supply requirements and use those funds for other purposes?

Answer. No. Excess funds from prior years expired and were not available to be used for FY 1984 requirements. The implementation of this policy change did result in decreased FY 1984 TOA requirements in some instances, but also resulted in increased TOA requirements in other instances. This change meant that FY 1984 funds were not required for items ordered in previous years but not delivered until FY 1984. Conversely, the change also required that FY 1984 TOA (rather than subsequent years TOA) be used to finance items ordered in FY 1984 but not delivered until subsequent years.

Question. What are the unobligated balances currently available for FY 1983 and 1984 and should a determination be made that the Department's use of "M" accounts was improper, could these unobligated balances be used?

Answer. The FY 1983 unobligated balances have lost their identity and are currently in "M" status. FY 1984 balances are approximately $95 million for the Army and $120 million for the Air Force. Unobligated balances of the FY 1984 balances are required for potential obligation adjustments during the remainder of FY 1986. Remaining unobligated balances may be returned to the foreign currency fluctuation account. "M" account funds were used only to fund orders placed in the "M" account years and were not used to fund orders placed in either FY 1983 or FY 1984. Adjusting FY 1984 or "M" account funds at this point would appear to serve no useful purpose.

Defense Industrial Funds

OPERATING INDUSTRIAL FUNDS IN A BUSINESSLIKE MANNER

Question. In establishing industrial funds, the Congress intended to introduce the discipline and incentives of private industry and commerce to DoD's industrial activities. However, unlike private industry, once DoD establishes rates to be charged customers, the rates are stabilized for the entire applicable fiscal year. This policy protects appropriated fund customers from unforeseen inflationary increases as well as uncertainties from having to pay for potentially higher than anticipated costs. DoD's current policy is to recoup losses through direct payments by customers from appropriated funds for costs in excess of those included in the rate structure.

Although stabilized rates, refunds, and passthroughs are beneficial in some regards, the Committee is concerned that they may promote unbusinesslike results. If the industrial fund managers know that they will be bailed out by appropriated funds if their losses become too large, what incentive is there for them to control costs?

Answer. The primary purpose of DoD's industrial fund activities is to provide vitally essential defense services. These services, similar to other efforts in support of DoD missions, are ultimately paid for with appropriated funds.

One of the primary differences between industrial funds and appropriated funds is their financial management systems. Industrial fund financial management systems provide more detailed cost accounting information. This additional information enhances the ability of DoD managers to identify and control costs. To the extent this information is used effectively, customers benefit through lower rates and refunds, if applicable. If not used effectively, customers will be penalized with higher rates and possibly passthroughs.

Industrial fund managers have many of the same incentives to control costs as do their counterparts in private enterprises. If rates are not maintained at competitive levels, appropriated fund customers may purchase goods or services from other industrial fund activities or from available commercial alternatives. Additionally, to the extent costs are not minimized, the applicable parent Service may be required to use a larger share of its TOA resources to pay for services purchased. Therefore, each Service has an incentive to ensure that the cost of industrial fund operations are held to a minimum.

Ultimately, appropriated funds, similar to customers of private businesses, must pay for the costs of the services they order. Losses, if they occur, must be recouped, either through a passthrough or through higher rates.

Question. The Commitee is also concerned that there are often great variances between programmed profits/losses for industrial funds for a given year and the actual profits/losses for that year. For example, the Army Industrial Fund programmed for a net profit for FY 1983 of $85 million, but actually reported a net loss of $108 million for that year—a swing of almost $200 million. How can DoD consider their industrial funds to be run in a business-like manner when they routinely experience such large variances in operating results, a situation that would never be allowed in private industry?

Answer. The Department does not believe that the presence of unplanned profits or losses is an indication that its industrial fund activities fail to operate in a business-like manner. The reasons for variances between projected and actual profits and losses for DoD industrial funds can be varied. The primary reasons are differences between projected and actual inflationary pressures and changes in workload (sales). These are the same primary reasons experienced by private enterprises for variances between projected and actual profits or losses. DoD industrial fund activities, however, operate with a few additional restrictions. The most notable, and beneficial to DoD, is our rate stabilization policy. Under this policy, DoD rates are held constant at budgeted levels during actual program execution. Thus, if inflationary pressures are greater than anticipated, industrial funds may realize a loss and if inflationary pressures are less than anticipated, industrial funds may experience a gain. In the private sector, enterprises have the capability to adjust their prices more frequently to eliminate such unplanned losses or profits.

DoD's industrial fund activities can be anticipated to earn revenues of over $25 billion annually. A variance of only one percent between projected and actual amounts can result in an unplanned profit or loss of $250 million. Given the complexity of the services performed by DoD's industrial fund activities, the uncertainties of inflationary pressures, and other factors, a deviation of one percent between budget and actual is not considered unacceptable.

In the specific example cited, the FY 1983 operating results of the Army Industrial Fund, the results of operation varied by only —$45 million, exclusive of the ACP initiative. The remaining difference of —$149 million was attributable to a one-time adjustment associated with the initiation of the Asset Capitalization Program in FY 1983.

THE ASSET CAPITALIZATION PROGRAM

Introduction: the Asset Capitalization Program (ACP) was initiated in fiscal year 1983. The ACP provides for the purchase of industrial fund equipment with industrial fund resources rather than appropriated funds. The program is financed by charging customers for depreciation and, to the extent that the approved program exceeds depreciation by a surcharge.

In a draft report on the ACP, GAO concluded that some financial controls are necessary to assure that ACP funds will be available to pay for equipment purchases. The Committee agrees and is pleased to note that DoD included in its *Industrial Fund Overview FY 1987* report the amount of cash required for ACP purchases. We believe that information such as the amount of cash available for ACP purchases and actual ACP expenditures is important and should be included in future industrial fund reports. However, based on GAO's report and the indications that some industrial funds are reporting a possible need to draw down ACP funds to maintain operating cash balances, the Committee feels that a more comprehensive accounting for ACP funds is necessary.

Question. For fiscal years 1983-1985, $1.4 billion was approved for ACP. According to the *Industrial Fund Overview FY 1987* report, DoD's industrial funds had "cash required for ACP purchases" of about $740 million at the end of FY 1985. Please provide for the record:

an accounting, by industrial fund and by program year, of the "cash required for ACP purchases" reported in the *Industrial Fund Overview FY 1987*.

statements for each industrial fund of cash collected for ACP purchases, ACP obligations and actual ACP expenditures, and year-end ACP cash balances for each of the fiscal years 1983–1985. For the fiscal years 1986 and 1987, please provide current estimates.

Answer. The requested information follows:

AN ACCOUNTING OF CASH REQUIRED BY PROGRAM YEAR

[Dollars in millions]

As of September 30, 1985

	Amounts not yet obligated		Amounts obligated but not yet expended	Total
	FY 1984 and prior amounts	FY 1985 amounts		
Army	14.1	69.6	105.5	189.2
Navy	31.8	52.6	390.1	474.5
Marine Corps		1.2	6.7	7.9
Air Force	22.9	69.8	120.6	213.4
Defense	.2	1.8		2.0
Total	69.0	195.0	622.9	887.0

As of September 30, 1986

	Amounts not yet obligated		Amounts obligated but not yet expended	Total
	FY 1985 and prior amounts	FY 1986 amounts		
Army	5.5		172.6	178.1
Navy		58.5	468.2	526.7
Marine Corps			5.2	5.2
Air Force	4.5	51.6	251.4	307.5
Defense			2.7	2.7
Total	10.0	110.1	900.1	1,020.2

As of September 30, 1987

	Amounts not yet obligated		Amounts obligated but not yet expended	Total
	FY 1986 and prior amounts	FY 1987 amounts		
Army	1.2		116.7	117.9
Navy			604.8	604.8
Marine Corps			3.1	3.1
Air Force			332.8	332.8
Defense			38.4	38.4
Total	1.2		1,095.8	1,097.0

While ACP surcharges are considered in determining specific rates, they become an indistinguishable component of that rate for billing and collection purposes. The Department believes it to be both impractical and unnecessary to identify how much of budgeted ACP amounts were collected in cash, reflected in accounts receivable, or not yet billed at the end of any fiscal year. The table

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below, therefore, identifies approved or requested ACP amounts, as applicable, rather than cash collected.

SUMMARY OF ACP AMOUNTS

[Dollars in millions]

	Fiscal year—				
	1983	1984	1985	1986	1987
Army:					
ACP program	75.9	109.4	146.7	151.1	104.0
ACP obligations	73.1	88.6	86.6	229.3	108.3
ACP expenditures	25.1	36.7	81.0	162.2	164.2
Cash requirement	50.8	123.6	189.2	178.1	117.9
Navy:					
ACP program	169.2	325.6	603.3	681.8	757.4
ACP obligations	153.7	302.4	557.5	707.8	815.9
ACP expenditures	83.0	180.8	359.8	629.6	679.3
Cash requirement	86.2	231.0	474.5	526.7	604.8
Marine Corps:					
ACP program	3.2	4.4	4.3	5.0	9.1
ACP obligations	3.1	1.9	5.7	6.2	9.1
ACP expenditures	.7	1.9	1.4	7.7	11.2
Cash requirement	2.5	5.0	7.9	5.2	3.1
Air Force:					
ACP program	58.0	103.4	167.0	193.1	147.9
ACP obligations	52.8	70.0	112.8	229.8	203.8
ACP expenditures	5.2	42.0	67.8	99.0	122.6
Cash requirement	52.8	114.2	213.4	307.5	332.8
Defense:					
ACP program	.3	.9	3.0	1.2	39.5
ACP obligations	.2	.5	1.5	3.2	39.5
ACP expenditures	.2	.5	1.5	.5	3.8
Cash requirement	.1	.5	2.0	2.7	38.4
Total:					
ACP program	306.6	543.7	924.3	1,032.2	1,057.9
ACP obligations	282.9	463.4	762.6	1,176.3	1,176.6
APC expenditures	114.2	261.9	511.5	899.0	981.1
Cash requirement	192.4	474.3	887.0	1,020.2	1,097.0

Question. Provide for the record the amounts of depreciation and surcharges to be charged customers for each industrial fund in fiscal year 1987.

Answer. The requested information follows:

SUMMARY OF DEPRECIATION AND ACP SURCHARGES IN FY 1987

[Dollars in millions]

	Army	Navy	Marine Corps	Air Force	Defense	Total
Depreciation	89.0	290.1	2.0	71.9	15.0	468.0
ACP Surcharges	15.0	467.4	7.1	76.0	24.5	590.0
Total	104.0	757.5	9.1	147.9	39.5	1,058.0

Question. The Congress intended that the ACP be used to allow Industrial Funds to modernize their industrial base. The Department has stated that they are utilizing ACP balances to offset temporary cash problems resulting from excess operating expenses.

On what basis are you mixing operating cash balances with ACP cash?

Answer. ACP amounts are considered to be an indistinguishable component of industrial fund rates for billing and collection purposes. The Department does not identify or segregate cash balances after their collection. Nor does it restrict cash usage based on the source of collection. Such segregations or restrictions would appear to be impractical and undesirable. (For example, when collections are received it is not feasible to estimate how much is associated with ACP and other factors and then segregate the cash received into different areas.) Additionally, it would appear to be undesirable for industrial funds to curb operations in one area, or request supplemental appropriations of cash in order to fill a shortage of cash in one area while excesses existed in other areas.

Cash, like other resources, should be available to meet requirements of industrial fund activities in the most cost-effective manner. Segregating cash amounts would not only add to the administrative expense of operating industrial fund activities but also unnecessarily and severely restrict their ability to deal with cash flow needs.

Question. Are you delaying or curtailing the purchase of ACP equipment as a result of ACP cash to cover operating costs?

Answer. No. ACP surcharges are generally collected in advance of the period cash is actually needed. Industrial fund activities attempt to use this cash effectively rather than let it sit idly.

FINANCING PLANNED INDUSTRIAL FUND REFUNDS AND ACP

Introduction: Many users of financial statements believe that for a business to qualify as a good credit risk, total current assets should be, as a rule of thumb, at least twice as large as total current liabilities. Current assets are assets that must be capable of being converted into cash within one year without interfering with the normal operation of the business. These assets generally include cash, receivables, inventories, and short-term prepayments. Current liabilities are those liabilities that must be paid within one year and include such items as accounts payable and accrued liabilities. Current liabilities are paid for out of current assets and a comparison of current assets to current liabilities is an important step in appraising the ability of a business to pay its debt.

Although industrial fund reports do not identify the amount of current assets and liabilities in each industrial fund, current ratios can be computed based on the assets and liabilities reported that are generally recognized as current. A comparison of estimated current ratios for the Army, Navy, and Air Force industrial funds for fiscal years 1983-1987 are as follows.

	Current ratios		
	Army	Navy	Air Force
Fiscal year			
1983 actual	1.8	1.1	.9
1984 actual	2.2	1.4	.9
1985 actual	2.2	1.3	1.1
1986 current	1.9	1.4	1.0
1987 budget	2.0	1.2	1.0

Question. What explanation does DoD have for the variation among the Service industrial funds' current ratios and why do the Navy and Air Force Industrial Funds have low current ratios?

Answer. Differences between the Services are due to many factors. Among these are: differences in the services provided, difference in the average length of time between commencement and completion of projects, variances in the percent of efforts accomplished by contract and accomplished organically, differences in both the relative size of the remaining initial corpus as well as its relationship to the current level of operations, differences in the absolute and relative amounts of unexpended balances associated with the ACP program, prior years profits or losses, differences in the timing of both billings and payments and other factors. Current ratios represent a snapshot of assets and liabilities at a particular point in time and do not necessarily reflect the level of continuing operations. Lower ratios in the Navy and Air Force Industrial Funds are not anticipated to adversely hinder the operations of these funds. The lower ratios being experienced by the Navy and Air Force merely represent differences in operations measured at a particular time in their cycle.

Question. Although the Army Industrial Fund's current ratio is close to the generally recognized two-to-one ratio, according to the *Industrial Fund Overview FY 1987*, DoD anticipates that the operating cash balances for the Army Industrial Fund in fiscal years 1986 and 1987 will be below desired levels. Further the report states that cash generated from the Asset Capitalization Program (ACP) surcharges may be required to supplement cash balances. What is the basis for the Army Industrial Fund projecting a cash shortage?

Answer. The cash balances projected in the *Industrial Fund Overview FY 1987* for the Army Industrial Fund at the end of FY 1986 and FY 1987 are less than one-half of those realized at the end of FY 1985. This decrease in cash, however, should not be viewed as meaning that the Department is expecting a cash shortage. It is, however, an indication that the Army may have to manage its cash resources more closely than it did in the recent past. It should be recognized, however, that even with this decrease in cash balances the Army Industrial Fund is projected to have a current ratio which is approximately equal to that desired in the private sector.

Question. The Navy and Air Force cash balances do not indicate a similar problem. However, in view of their current ratios as shown above, do the Navy and Air Force Industrial Funds plan to use ACP funds to maintain cash balances? What are the bases for the Navy and the Air Force's reported cash balances?

Answer. Separate ACP cash funds have not been established by any of DoD's industrial funds. Amounts shown as required for ACP purchases are computed amounts and do not represent amounts actually segregated from other cash balances. The Department neither identifies, segregates, or restricts the use of cash based on its source of collection. Cash, and other resources, are available to industrial fund managers to meet valid obligations in the most cost-effective manner.

Projected Navy and Air Force cash balances represent the anticipated net differences between all collections and all disbursements. Cash balances are truly a result, and not a goal, of industrial fund operations.

Question. The *Industrial Fund Overview FY 1987* report indicates that the Navy is planning a refund of $501.3 million in fiscal year 1987. In view of the Navy Industrial Fund's estimated current ratio for fiscal year 1987, will the Navy have the resources to pay for the planned refund?

Answer. The Department believes sufficient resources will be available to permit the Navy Industrial Fund to refund the $501.3 million in FY 1987. As shown in the *Industrial Fund Overview FY 1987* report the Navy is anticipated to have a balance of $1,325 million at the end of FY 1986, or 2.6 times the amount of cash needed to make the projected refund.

Question. Is the $501.3 million factored into the customer's O&M appropriations request for fiscal year FY 1987? If the Navy does not have the resources to finance the refund, would a supplemental funding request be required? If the amount to be refunded is reduced, will the customer's O&M appropriations for the next fiscal year be increased?

Answer. The FY 1987 President's budget provides for the refund of the subject $501.3 million from the Navy Industrial Fund to various O&M appropriations. The Department believes that sufficient resources will be available to permit the budgeted refund. The Department does not envision circumstances in which it would submit a FY 1987 supplemental budget request or ask for an increase in O&M appropriations in FY 1987 as a result of cash balances in its industrial funds.

INDUSTRIAL FUND BUDGETS

Introduction: A review of past industrial fund reports identified wide fluctuations between budgeted and actual revenues, costs of goods sold, and net operating results. For example, for fiscal year 1983, the Army industrial fund budgeted for a net operating profit of $85.4 million (reported in the 1983 industrial fund report). However, the fund actually had a net operating loss of $108.3 million (reported in the 1985 industrial fund report) a variance of approximately $194 million. For fiscal year 1985, the Navy budgeted for a net operating loss of $290.4 million, but actually earned $31.5 million, a variance of about $322 million. For fiscal year 1983, the Air Force's projected and actual revenues and costs of goods sold differed by about $1.1 billion and $1.4 billion, respectively.

Because budget amounts reported in the industrial fund reports are important tools in the Committee's evaluation of industrial fund customer appropriation requests, it is critical that the reported information be as accurate as possible.

Question. While the Committee recognizes that some variances will occur, we would like to identify some of the reasons for these variances. A comparison of the fiscal year 1986 budgeted amounts reported in the *Department of Defense Industrial Fund Overview FY 1986* and fiscal year 1986 estimates in the *Industrial Fund Overview FY 1987* revealed differences such as the following:

—revenues and costs of goods sold for the Military Sealift Command descreased by about $23 million and $346 million, respectively.

—revenues and costs of goods sold for the Naval Air Rework Facilities decreased by about $232 million and $252 million, respectively.

—revenues and costs of goods sold for the Naval Shipyards increased by about $162 million and $138 million, respectively.

—revenues and costs of goods sold for the Chief of Naval Research Laboratories increased by about $212 million and $174 million, respectively.

—revenues and costs of goods sold for the Air Force's Depot Maintenance Industrial Fund increased by about $123 million and $107 million respectively.

For the record, please provide explanation for variations. In particular, the Committee would be interested to know to what extent the use of stabilized rates and/or changes to workloads affected revenues and costs of goods sold.

Answer. Changes to revenue and costs are affected by changes in the estimated workload, the absence of a planned 5% pay decrease in civilian personnel salaries, as well as other factors. There have not been changes to stabilized rates for FY 1986. Once DoD establishes rates in the budget process and submits its budget, DoD does not change that rate during budget execution, except in extraordinary circumstances. Consequently, stabilized rates have had no impact on the changes to income and costs reflected between the FY 1986 and FY 1987 submits. Specific reasons for variances in the estimate of revenues and costs are discussed below:

The estimated $23 million decrease in revenue for the Military Sealift Command is attributed to a change in customer demand for services. The $346 million difference in estimated costs is primarily attributable to significantly lower interest costs associated with leases of TAKXs and T-5 tankers and a major change in the pattern of operations for POL carrying fleet. (Significantly more POL purchases than projected were made in Mexico vice the Middle East and North Sea countries. This difference in transportation costs resulted in a reduced cost of goods sold.) In addition, competition on other MSC routes resulted in lower than anticipated shipping rates.

Differences in the Naval Air Rework Facilities (NARF) revenues and costs are primarily attributable to a decision to remove aviation depot level repairables (AVDLR's) from the NARF budget. AVDLR's at the NARF's are now centrally funded by the customer and purchased from the Aviation Supply Office (ASO). Consequently, they are no longer included in the revenue or cost portion of the NARF budget.

The increase in the revenue and cost for naval shipyards reflects more recent actual experience. Actual operating results for FY

1985 revealed that the naval shipyards had underestimated their revenue and costs in FY 1985. Upon receiving the actual FY 1985 financial results, the current FY 1986 and FY 1987 estimates were adjusted to reflect this experience. The current estimate reflects DOD's best estimate of revenue and cost based on data that was not available to the shipyards when they submitted their initial FY 1986 budget.

The increase in revenue and cost at the Chief of Naval Research Laboratories is mainly due to an increase in the forecasted workload. This increase in workload is reflected in increases in both revenues and costs.

Changes for the Air Force's Depot Maintenance Industrial Fund are associated with increased civilian personnel costs and changes in workload. The initial FY 1986 budget provided for a five percent reduction in pay for civilian personnel. The current budget estimate reflects the congressional decision to deny this previously planned pay reduction. The denial of this pay reduction resulted in an increase in civilian personnel costs over those previously estimated. The remaining increases in revenue and cost are associated with changes in workload.

Question. Do the industrial funds have any systems in place to measure the results of workload changes on profits and losses? If not, should DoD establish such a system?

Answer. DoD industrial funds do not currently have a system that effectively forecasts the impact of workload changes on profits or losses. Some activities, however, do attempt to determine the impact that significant changes in workload may have. The naval shipyards, for example, have developed a system to track workload changes, extrapolate data, and forecast the effect on their profits. In other activity groups with a significant number of different customers and work requests such a system would require constant modification throughout the budget cycle and would not be cost effective. In general, the individual activity's budgets are put together utilizing workload predictions and stabilized rates to attain a zero profit. Increases above forecast workload allow overhead expenses to be allocated over a larger budget base and normally could be anticipated to result in greater profits. Just the exact opposite could be expected when workload decreases. Such decreases can generally be anticipated to result in a loss. The extent to which workload changes affect profits would differ for each individual activity.

Question. Provide for the record selected workload indicators (i.e., cargo moved, components repaired) for the activity groups identified in question 1 and the Army Depot System Command.

Answer. Selected Army Depot System Command workload indicators include:

Receipts, Ammunition (Short Tons).
Receipts, General Supplies (Lines).
Issues, Ammunition (Short Tons), and
Issues, General Supplies (Lines).

The various activity groups in the Navy Industrial Fund utilize different workload indicators applicable to the products produced. Naval Air Rework Facilities (NARF's) utilize airframes, engines and other components to which they apply a labor factor resulting in the number of workyears needed. The Naval Research Laboratories utilize workyears as a measure of their workload. The naval shipyards utilize overhauls and other availabilities as their unit for measure with mandays required by each to determine the total number of mandays required. The Military Sealift Command (MSC) utilizes measurement tons for cargo operations, and long-ton miles as the measurement for tanker operations, and strategic petroleum reserve operations. All other ships utilize charter ship days as their workload indicator. In the FY 1987 budget the tankers and strategic petroleum reserves ship workload measurement shifted from long-ton miles to charter ship days as a result of a change in contracting procedures. This change skews a comparison of each of these categories when comparing the FY 1986 MSC workload to the FY 1987 MSC workload.

The Air Force uses Direct Production Standard Hours as a workload indicator for aircraft, missiles, engines, exchangeables, Other Major End Items (OMEI), area-base and tenant support, local manufacture, and "other" categories of maintenance in its Depot Maintenance Industrial Fund. The number of Direct Production Standard Hours for a job is the time during which a specified amount of work of acceptable quality is or can be produced by qualified workers, following the prescribed method, working at a normal pace, and experiencing normal fatigue and delays.

Question. For indicators identified above, provide for the record the workload data used to establish the fiscal year 1985, 1986, and 1987 budgets, the current estimate for fiscal year 1986, and the actual data for fiscal year 1985.

Answer. The information follows:

ARMY DEPOT SYSTEM COMMAND

	President's budget amounts		
	FY 1985	FY 1986	FY 1987
Receipts, ammunition (short tons)	222,606	234,938	241,282
Receipts, general supplies (lines)	2,338,568	2,219,466	2,346,032
Issues, ammunition (short tons)	196,594	214,917	197,791
Issues, general supplies (lines)	7,324,428	7,005,934	7,267,975

	FY 1985 actual	FY 1986 current
Receipts, ammunition (short tons)	229,615	240,140
Receipts, general supplies (lines)	2,340,397	2,454,390
Issues, ammunition (short tons)	278,377	245,317
Issues, general supplies (lines)	6,866,593	6,933,232

NAVAL SHIPYARD WORKLOAD INDICATORS

[President's budget amounts. Mandays in thousands]

	FY 1985		FY 1986		FY 1987	
	Units	Mandays	Units	Mandays	Units	Mandays
Overhauls*	29	6,357	19	4,001	18	3,128
Other	49	638	44	805	54	1,069
Total	78	6,995	63	4,806	72	4,197

*Includes Service Life Extension Program (SLEPS) and Nuclear Refueling.

	Actual FY 1985		FY 1986 current estimate	
	Units	Mandays	Units	Mandays
Overhauls	31	5,009	22	4,936
Other	45	893	40	944
Total	76	5,902	62	5,880

Note: The FY 1966 President's budget and the FY 1986 current estimate do not include the results or anticipated results of public/private competition directed by the FY 1986 DoD appropriations bill which might result in an increase in workload.

NAVAL SPACE AND WARFARE SYSTEM COMMAND (SPAWAR) RESEARCH LABS WORKLOAD INDICATORS

[Workyears]

	President's budget amounts			FY 1985 actuals	FY 1986 curr est
	FY 1985	FY 1986	FY 1987		
Total	20,928	23,277	24,858	24,840	25,537

MILITARY SEALIFT COMMAND WORKLOAD INDICATORS

	President's budget amounts			FY 1985 actuals	FY 1986 curr est
	FY 1985	FY 1986	FY 1987		
Measurement tons*	7,653	8,170	8,138	9,644	8,067
Long ton miles/ship days**	14,790	4,900	3,400	11,054	3,400
Charter shipdays	33,090	39,332	43,093	44,191	40,140

*Measurement tons in thousands.

**Long ton miles in thousands. Reduction from FY 1985 to FY 1986 attributable to a change in contracting procedures resulting in ships being chartered on a shipday basis.

NAVAL AIR REWORK FACILITIES WORKLOAD INDICATORS

	President's budget amounts					
	FY 1985		FY 1986		FY 1987	
	Units	Workyears	Units	Workyears	Units	Workyears
Airframes					623	
Engines					2,380	
Other					15,986	
Total	*	25,435	*	25,572	18,989	24,498

*Detailed data not available.

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	FY 1985 actual amounts		FY 1986 current estimates	
	Units	Workyears	Units	Workyears
Airframes	818		705	
Engines	2,946		2,540	
Other	16,165		16,155	
Total	19,929	25,524	19,400	25,354

AIR FORCE DEPOT MAINTENANCE INDUSTRIAL FUND

[Direct production standard hours in thousands]

	President's budget amounts			FY 1985 amounts	FY 1986 curr est
	FY 1985	FY 1986	FY 1987		
Aircraft	12,549	12,022	13,039	12,647	12,511
Missile	400	1,276	1,272	611	1,240
Engine	4,344	5,596	5,130	4,359	5,010
Exchangeables	19,443	20,756	20,291	19,696	20,560
OMEI	1,144	1,073	1,252	1,077	1,180
Area base and tenant	1,545	1,542	1,695	742	1,637
Local manufacture	1,305	1,512	1,970	1,310	1,762
Other			323	970	300
Total	40,730	43,777	44,972	41,413	44,200

Question. According to the *Industrial Fund Overview FY 1986* report, fuel costs, as a composite, are projected to be $31.50 a barrel. Will the recent oil price decline, which will not be recognized in stabilized rates, result in excess profits for the various industrial funds in fiscal years 1986 and 1987? What would the dollar impact on the budget be for fiscal year 1987 using the current price per barrel?

Answer. The recent oil price decline is not anticipated to result in excess profits for the various industrial funds. Under DoD's stabilized rate policy, industrial funds will be charged the budgeted stock fund rates irrespective of the actual costs of POL. Thus, profits, if any, from falling prices will accrue to DoD's stock funds and not its industrial funds.

The current Defense Fuel Supply Center refined oil price is $28.96 per barrel based on the actual month of March 1986 stock fund cost. The FY 1987 stock fund bugeted fuel cost is $31.50 per barrel. Based on savings of $2.45 per barrel and estimated FY 1987 total DoD sales of 193 million barrels, the stock fund would accrue $490 million in FY 1987. However, DoD must caution against predicting future savings since future fluctuations in the price per barrel are unknown.

Question. In the *Department of Defense Industrial Fund Overview FY 1986* report, the Navy projected a $273.7 million loss for fiscal year 1986 which included a $280.3 million refund. According to the *Industrial Fund Overview FY 1987* report, the Navy plans to reduce the fiscal year 1986 refund to $153.2 million although a projected $445 million increase in net operating results will result in a

$171.3 million profit In view of the increased profits, why was the refund reduced?

Answer. The FY 1986 amount of $153.2 million shown in the FY 1987 overview is actually a net amount consisting of refunds of $380.3 million and passthroughs of $227.1 million. The FY 1986 amount has actually increased by $100 million. Total refunds in FY 1986 are $380.3 million in accordance with congressional action for FY 1986. This amount, however, is offset by a passthrough of $227.1 million, as also approved in congressional action on FY 1986 This passthrough is intended to offset the additional costs associated with the budgeted FY 1986 civilian personnel pay decrease of five percent which did not materialize. Additional profits estimated for FY 1986, beyond those initially projected or directed to be refunded by the Congress, have been budgeted to be refunded in FY 1987.

Question. The industrial fund rates assume a 4.0 percent standard inflation rate in FY 1987. How much excess profit would be earned by each industrial fund if inflation turns out to hold level the FY 1986 rate of 3.5%

Answer. If the industrial fund general purchase inflation rate remains at 3.5% in FY 1987, profits of approximately $56 million could be anticipated to be earned by DoD's industrial funds as follows:

Estimated Industrial Fund Profit Based on 3.5 Percent Inflation

[Dollars in millions]

Industrial fund:	*Fiscal year 1987*
Army	$4.5
Navy	33.5
Air Force	13.5
Defense	5.0
Total	56.5

INDUSTRIAL FUND INVENTORY ADJUSTMENTS

Question. In the Industrial Fund Overview FY 1987 report, DoD reported a $11 million inventory adjustment for fiscal year 1986 which represents excess and obsolete items of inventory at Naval Aircraft Rework Facilities. The report states that although the costs associated with the losses of this nature may be treated as general and administrative expenses, DoD believes that including the $11 million would overstate general and administrative expenses. Effective with FY 1986, DoD plans to identify costs of this nature separately on its statement of operating results. The committee feels such a disclosure prompted by DoD could be of value in assessing the efficiency of industrial fund operations.

It would seem that funds other than the Navy made such adjustments. Please indicate what inventory adjustments were included in general and administrative expenses in fiscal years 1984 and 1985 for each of the industrial funds (by activity groups)?

Answer. The following additional inventory adjustments were also included in general and administrative expenses:

	Dollars in millions	
	FY 1984	FY 1985
Army		
Armament, Munitions and Chemical Command	+$4	+$1.1
Depot System Command	7.6	3.6
Missile Command	+2	8
Military Traffic Management Command	+1	+1.2
Total	6.9	7.1
Air Force		
Depot maintenance	+5.3	+26.7
Total	+5.3	+26.7

The adjustments above were necessary for a number of reasons including the need to reflect the costs of defective work and spoilage, material returned to the stock fund without credit, repricing of inventories, and the reclassification of investment items as expense items.

Question. For each industrial fund, please respond for the record as to what internal controls are in place to minimize the accumulation of excess and obsolete inventory items, damage to inventory, or theft of inventory?

Answer. The Army Materiel Command maintains an automated system to monitor stock control procedures to insure that only recurring demand support items or those for known projects are stocked, that only minimum quantities are maintained, and that local commodity managers monitor items to minimize excesses. In order to minimize damage to or theft of inventory the following procedures are followed:

Only authorized personnel are permitted in supply areas and those personnel must sign for receipt of supplies.

Incoming supplies are checked against shipping documents.

Inventory counts are made at least annually (quarterly for sensitive items) or when discrepancies are noted or suspected.

Command inspections, Inspector General visits, and technical visits are made periodically to each installation to confirm compliance with these policies and procedures.

The Military Traffic Management Command has established internal controls in accordance with Army regulations. Stock Records Officers at the subordinate activities maintain inventory control and the records are reviewed monthly.

The Navy has a number of policies regarding material management which are designed to minimize the situations that you postulate. First, the Navy has imposed standard procedures for material accounting which involves the maintenance of official accounting records and ledgers to identify the value of undelivered orders, receipts, issues, on hand inventories and inventory items in transit. In addition, inventory balances and variances are monitored and explanations are required for significant variances. The Navy also has a number of procedures to assure that proper records are kept. Those include the use of periodic inventories, audit reviews and discrepancy management systems in place with regard to policies, responsibilities and procedures. In addition, the Navy also has policies which limit internal manufacturing of items for industrial fund inventories so as not to exceed two years demand.

The Air Force has established a very high material management priority for improving both inventory control and the accuracy of information in the system. The cornerstone of an accurate inventory is the actual physical control of that inventory. The Air Force has begun to implement receipt certification to improve inventory control. They have also begun to implement a Material Inventory Control Audit Program. The Audit Program will improve inventory control and the accuracy of financial inventory data.

[Clerk's note.—End of questions submitted for the record.]

Mr. Murtha. The gentleman from Pennsylvania.

Mr. McDade. Thank you, Mr. Chairman. You have covered it very well, Mr. Chairman.

Mr. Murtha. Thank you very much, Mr. Flinn. We appreciate you coming before the committee.

Mr. Flinn. Thank you, sir.

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THURSDAY, APRIL 17, 1986.

OPERATION AND MAINTENANCE, DEFENSE AGENCIES

WITNESSES

DEFENSE COMMUNICATIONS AGENCY

LIEUTENANT GENERAL WINSTON D. POWERS, U.S.A.F., DIRECTOR

DEFENSE CONTRACT AUDIT AGENCY

WILLIAM H. REED, DIRECTOR

DEPARTMENT OF DEFENSE INSPECTOR GENERAL

DEREK J. VANDER SCHAAF, DEPUTY INSPECTOR GENERAL

DEFENSE LOGISTICS AGENCY

MAJOR GENERAL DONALD P. LITKE, U.S.A.F., DEPUTY DIRECTOR
DONALD B. SHYCOFF, DEPUTY CONTROLLER
RICHARD CONNELLY, BUDGET OFFICER

DEFENSE COMMUNICATIONS AGENCY

INTRODUCTION

Mr. CHAPPELL. The first defense agency from which we will receive testimony this afternoon is the Defense Communications Agency (DCA). The Director of the DCA is Lieutenant General Winston D. Powers, USAF. The total 1987 operation and maintenance request for DCA is $311,193,000. After the application of the deficit reduction cut, this represents an increase of $57,374,000, or more than 22 percent. We will be examining the need for such a large increase this afternoon.

General Powers, welcome. If you will briefly summarize your statement, we will place your entire statement in the record.

SUMMARY STATEMENT OF GENERAL POWERS

General POWERS. Good afternoon, Mr. Chairman.

I am pleased to be back again to discuss the DCA fiscal year 1987 O&M budget. From my previous testimony before your subcommittee, I believe you understand the mission of DCA and the dual role I play as Director of the Defense Communications Agency and the Manager of the National Communications Systems. The funds reflected in our budget do the things necessary to continue operational maintenance missions, support to the Joint Chiefs, the various CINCS, OSD, the services and the other Federal agencies.

The substance of the 1987 DCA O&M budget in the program growth area falls into four main categories.

On the national communications systems side of the house, we are involved in a program called the Nationwide Emergency Telecommunications System which is a system that is being designed to provide the federal government, all 22 Federal agencies, with a more robust capability for communications, command and control through crisis and emergency situations.

The rest of the increase in the budget is associated with the 1987 buy of WWMCCS or the WIS improvement system of approximately $10 million.

We do have, since my last testimony with this subcommittee, two classified programs. One is the Defense Mobilization Systems Planning Activity; the other is for a classified program called CHOSUN.

Both of these program activities have been briefed to the intelligence committee. However, I will discuss them with you in executive session if you desire.

The other increase is associated with the operations and maintenance of the White House Communications Agency and the increase in their requirements in support of the President, the Vice President and the Secret Service.

With that being the cornerstone of the DCA budget, I am prepared to answer your specific questions.

Mr. CHAPPELL. Thank you very much.

[The statement of General Powers follows:]

STATEMENT OF LIEUTENANT GENERAL WINSTON D. POWERS, USAF

INTRODUCTION:

Mr. Chairman and members of the Subcommittee: I am Lieutenant General Winston D. Powers, Director of the Defense Communications Agency (DCA) and Manager of the National Communications System (NCS). I appreciate this opportunity to appear before this Subcommittee today to discuss the DCA Fiscal Year 1987 Operation and Maintenance request of $311.2 Million.

OVERVIEW

Our Fiscal Year 1987 Budget Request before you today contains the necessary funding to execute the primary mission of DCA to ensure that the most critical telecommunications and command and control needs of the Department of Defense (DoD) and other Federal Agencies can be met in peacetime, crises, and armed conflict.

DCA is a worldwide organization. In addition to personnel and facilities located in the Continental United States, there are field offices in Alaska, Hawaii, Turkey, Germany, Korea, Guam and Okinawa. DCA employs approximately 3940 military and civilian personnel, who are primarily engineers and computer scientists. The DCA mission includes communications support to the White House, Emergency telecommunications support to DoD and Civil agencies, ADP support to the offices of the Secretary of Defense (OSD) and the Joint Chiefs of Staff (OJCS) and Command Control and Communications (C^3) systems engineering and integration support to OSD, and the National Military Command System (NMCS).

The Fiscal Year 1987 request represents our continued commitment to meeting our operational and technological challenges in this area and the continuation of communications improvements made over the last five years in readiness, sustainability, and modernization of command, control, and communications systems. These include: the operation and modernization of existing voice and digital capabilities of the Defense Communications System (DCS); communications satellite survivability initiatives for both defense and commercial assets; automatic data processing (ADP) and analytical support to the Joint Chiefs of Staff and military departments for the Worldwide Military Command and Control Systems (WWMCCS); ADP and system engineering support of the National Military Command System; management of the National Communications System (NCS); communications support to the President; and architectural integration and long range planning for joint and national level C^3 systems worldwide. I must point out that our current and future program as presented here has not been adjusted for any impact of the Balanced Budget and Emergency Deficit Control Act of 1985.

Our Fiscal Year 1987 O&M budget request of $311.2 Million represents an increase of $44.3 Million above our current Fiscal Year 1986 budget of $266.9 Million. When compared with our current Fiscal Year 1986 level, the net increase in Fiscal Year 1987 is attributed to a price adjustment of $7.8 Million, program growth of $38.5 Million and program decreases of $2.0 Million.

DCA MISSION AND PROGRAMS

In FY 1987 O&M resources are required to support the Agency's critical C^3 mission in six main functional areas: Planning and Engineering for Command, Control, and Communications Systems; ADP and analytical Support to the OJCS and OSD; Defense Communications System Management; National Communications System Management and Engineering; Special Programs; and White House Communications Support.

C^3 - PLANNING AND ENGINEERING

The C^3 Planning and Engineering function provides long range planning, architecture, and systems engineering support to assure integration, connectivity, cost effectiveness, and interoperability of various command, control and communications (C^3) systems. These systems include the Worldwide Military Command and Control System (WWMCCS), Military Satellite Communications (MILSATCOM) Systems, other DoD-wide C^3 systems, and theater and NATO C^3 systems.

DCA also provides system engineering and planning support to the three nodes of the National Military Command System (NMCS), the primary component of the WWMCCS. The three nodes of the NMCS are the National Military Command Center (NMCC), the Alternate NMCC (ANMCC), and the National Emergency Airborne Command Post (NEACP). They collectively serve the command and control requirements of the National Command Authorities (NCA), as well as those of the Chairman of the Joint Chiefs of Staff (JCS). The NMCS provides the NCA with timely information concerning military posture, readiness, and activities in all environments from day-to-day operation to crisis management situations and nuclear war.

DCA provides system engineering and technical support to the WWMCCS to enhance the operational effectiveness of command centers, and to improve communications connectivity. The effort guides and assists the Unified and Specified Commands, OJCS, OSD, and other concerned DoD elements. The Unified and Specified Commands are directly supported by DCA long range planning activities. These activities are tailored to ensure the effective integration and interoperability of C^3 for the United States and NATO. DCA provides support to JCS in developing a mission oriented assessment of the entire C^3 budget to ensure consistency with national and civic priorities.

In Fiscal Year 1987, $14.2 Million are requested for this function. This is a $0.4 Million reduction from the Fiscal Year 1986 level of $14.6 Million.

ADP AND ANALYTICAL SUPPORT TO OJCS/OSD

The ADP and Analytical Support to OJCS/OSD function consists of three programs; Worldwide Military Command and Control System (WWMCCS) ADP Support; National Military Command System (NMCS) ADP support; and WWMCCS Information System (WIS).

WWMCCS ADP Support provides for the central maintenance and management of standard WWMCCS ADP systems software used by DoD command centers worldwide. It provides software support and integration, quality assurance, configuration management, and development and enhancement activities. Software support and integration corrects current system discrepancies and integrates newly developed software into the operational system. Quality assurance maximizes the benefits to be derived from the software through comprehensive tests and evaluations of the current system. Configuration management accounts for all elements of WWMCCS ADP and monitors changes in these elements. In conjunction with the WIS Joint Program Management Office (JPMO), which resides in the Air Force, the development and enhancement activity identifies and analyzes requirements for new development efforts as they relate to the user community.

NMCS ADP Support provides day-to-day ADP, analytical, and computer operations services to the OJCS, and OSD. To meet new requirements in a changing political and military environment, this program improves analytical and information processing capabilities to be more responsive to command and control decision processes and pursues increased effort in the areas of tactical warning, NATO, exercise planning and evaluation, force status, strategic operations, and logistic and mobility planning.

For the WIS program, a full range of test, evaluation, and enhancement services is required to integrate the WIS Common User Subsystem and Joint Mission software and hardware into the operational WWMCCS environment.

We are requesting $96.1 Million for this function in Fiscal Year 1987, an increase of $15.2 Million from the Fiscal Year 1986 level of $80.9 Million. The WWMCCS ADP support system, the DoD standard system used throughout the world, was put in place in 1972. The current WWMCCS ADP system is being phased out and replaced by the WIS. New computer hardware for the WIS necessitates additional Fiscal Year 1987 funding for hardware and software maintenance, system analyst support, hardware and software security, and computer operations. Funding also increases for development and testing efforts which are underway to support WIS interfaces and new WIS ADP equipment, and for the WWMCCS Operational Support Facility which will integrate hardware and software into the evolving WIS. Increased services will be provided to OJCS and OSD customers in the areas of tactical warning, exercise planning and evaluation, force status, operational, logistic and mobility planning; and the implementation of software conversions to the new WIS hardware.

DEFENSE COMMUNICATIONS SYSTEM MANAGEMENT

The Defense Communications System (DCS) Management function provides engineering support, operational direction, and management control of the DCS. This function provides an operations center in the Washington area, and on-site support provided by Field Activities located in Europe, the Pacific, and at MacDill Air Force Base, Florida. Major communications systems supported by this function include the Worldwide Automatic Voice Network (AUTOVON); Automatic Digital Network (AUTODIN); Automatic Secure Voice Communications Network (AUTOSEVOCOM); Defense Satellite Communications System (DSCS); Jam Resistant Secure Communications (JRSC); Defense Switched Network (DSN); and the Defense Data Network (DDN). This function also provides for leased communications for the DCS; operation and maintenance of ADP systems currently operational or scheduled to be acquired in support of the Worldwide On-Line System (WWMCCS); installation, maintenance, and support of all communications in the DCA Operational Control Complex (DOCC); and provides for long-haul communications used by the military departments in both peacetime and wartime conditions.

The Fiscal Year 1987 request will provide vital enhancement to communications capabilities of the military departments. Included is the fielding of DSN as a survivable and endurable C^3 network in the European and Pacific theaters. The DDN program is implementing a digital, long-haul common user packet - switched network to enhance support components. In addition, the DDN program will provide extended data network support to users of the WWMCCS Intercomputer Network (WIN), the DoD intelligence community, other Command and Control users, theater logistics, and mobilization support activities to enhance readiness and war-fighting capabilities.

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Our Fiscal Year 1987 budget requests $61.7 Million for this function, a $3.5 Million increase over the Fiscal Year 1986 level of $58.2 Million. The $3.5 Million increase in this function is a result of an increase in operating expenses to cover leased communications, and support to new programs.

NATIONAL COMMUNICATIONS SYSTEM MANAGEMENT AND ENGINEERING

As the Director of the DCA, I have separate and distinct responsibilities as Manager of the National Communications System (NCS). The NCS was established by Executive order 12472 of 3 April 1984. It is composed of the telecommunications assets of 22 Federal entities which have been designated by the President; and an administrative structure which consists of an Executive Agent (the Secretary of Defense); the NCS Committee of Principals (representatives of the 22 NCS members); and the Manager, myself.

The Executive Order assigns the NCS the mission of assisting the President, the National Security Council, the Office of Science and Technology Policy, and the Office of the Management and Budget, in exercising their wartime and non-wartime telecommunications functions and responsibilities, and the coordinating of the planning for and provision of national security and emergency preparedness telecommunications for the Federal government under all circumstances including crisis and emergency, attack, recovery, and reconstitution.

There are several National Security Decision Directives which provide additional guidance to the NCS. Specifically. National Security Decision Directive 97 requires that initiatives be developed which will improve the survivability and restorability of the commercial telecommunications systems that support national security requirements, enhance the survivability and endurability of U. S. commercial satellites, and provide communications support for Government agencies which have responsibilities for continuation of government functions during all phases of conflict.

As the Manager of the NCS, I am assigned the responsibility for developing programs which will accomplish the NCS mission, and implement the provisions of the National Security Decision Directives, and submit them for consideration by the Committee of Principals and the Executive Agent.

For the NCS function, we are requesting $59.3 Million, a $15.5 Million increase over the Fiscal Year 1986 level of $44.2 Million. This function represents the largest increase in our Fiscal Year 1987 request. It is based on increased effort in Continuity of Government operations; Nationwide Emergency Telecommunications System Support; and the Carrier Interconnect project.

The Continuity of Government program provides for analysis of DoD, civil agencies, and commercial communcations performance to ensure continued operation of critical government functions in all stages of conflict and in cases of national emergency.

The Nationwide Emergency Telecommunications System will provide a flexible, widely distributed, and highly survivable communications capability imbedded in the Public Switched Network to meet National Security Emergency Preparedness objectives.

The Carrier Interconnect project will determine vulnerability of agency National Security Emergency Preparedness connectivity in a stress environment, identify locations for carrier interconnection and facility augmentations, and install services needed to mitigate potential connectivity deficiencies.

The Fiscal Year 1987 budget includes funds for the implementation of the Washington Area Wideband System in the National Coordinating Center, a joint government - industry operations center which assists in coordinating the initiation and restoration of National Security Emergency Preparedness telecommunications. It also includes funds for further improvement of the Telecommunications Service Priority System (formerly Initiation and Restoration Priority System). These projects are all integral components of the program to improve the NCS's ability to perform critical emergency telecommunications management functions effectively and efficiently.

SPECIAL PROGRAMS

In this area DCA provides system engineering, management control and general support to accomplish nationally sensitive programs. Functions include analyses, design concepts, technology assessments, system engineering, system development and program management.

The Special Programs Organization Conducts continuing broad assessments of the current status and future trends of the C^3 technology and engineering disciplines related to DCA and NCS interests, and provides overall DoD program management for selected national, joint and operating force level command and control telecommunications and information systems.

Our Fiscal Year 1987 budget also requests $12.6 Million for a classified program. Information on the mission and justification of estimates has been provided to the subcommittee through appropriate special channels.

WHITE HOUSE COMMUNICATIONS SUPPORT

This function provides worldwide communications support to the President, Vice President, key White House personnel, and Secret Service protective elements through the White House Communications Agency (WHCA), a Field Activity of DCA.

For this function, we are requesting $38.8 Million in Fiscal Year 1987. This represents a $0.9 Million increase from the Fiscal Year 1986 level of $37.9 Million. The increase is required for additional contractual support for communications and ADP requirements.

SUMMARY

Our Fiscal Year 1987 budget request reflects the necessary resources in response to a rapidly evolving Command, Control, and Communications (C^3) environment and the recognition of C^3 as a critical top priority mission. Our request of $311.2 Million will enable DCA to make a cost effective contribution to an improved Defense posture by meeting the most urgent and highest priority requirements for C^3 operations, readiness, sustainability, and modernization. I thank you for your support in previous years and urge your continued support this year to ensure that rapidly evolving C^3 services will be available to our decision makers and deployed forces.

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Mr. Chairman, this concludes my prepared statement. I would be happy to answer any questions you may have at this time.

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DCA CONTRACTING

Mr. CHAPPELL. A recent DoD IG report, No. 86-038, was critical of the DCA's procurement and contracting functions. The auditors found that "the Agency was making extensive use of broadly scoped, five-year general support contracts to satisfy a multitude of diverse requirements. The contracting environment at the agency restricted competition and permitted the award of an increasingly high percentage of total contract dollars to a few large firms. Because of emphasis on expediency, all of the controls necessary to ensure competition and fair process had not been implemented."

The auditors also reported an arbitrary assignment of funds by appropriation which resulted in potential violation of laws concerning the obligation and expenditure of funds. It should be noted that the new director and vice director were mentioned for their aggressive action in the contracting area.

First of all, was the situation when you assumed command of the agency as described by the auditors, with nearly 95 percent of contract dollars awarded without effective competition?

General POWERS. Mr. Chairman, I don't know whether that is the correct percentage, but the basic intent of the report reflects quite accurately the status of the agency when I arrived as aptly put in the report myself.

The Defense Communications Agency is an agency that issues competitive contracts, and we do not narrowly define the contractual efforts to a few individual corporations. That has been turned around. I think subsequent OSD-IG reports and a follow-up to that audit report will reflect that we have taken and are engaged in the proper action to put things right.

Mr. CHAPPELL. We commend you for that action.

What percentage of your contract dollars are currently awarded competitively?

General POWERS. I would like to submit that for the record. Please understand that I do watch it very closely and we exceed the DOD norm for competitive contracting in most cases above the CICA requirements. We are approximately at a 47 percent competitive contractual base.

[The information follows:]

Because of the nature and functions of its work, DCA has two procurement activities, the Headquarters, which expends approximately 25 percent of the total contractual dollars, and the Defense Commercial Communications Office (DECCO), which expends approximately 75 percent of the total Agency contractual dollars. For FY 1985, we achieved 47 percent competition, Headquarters, 64 percent and DECCO, 42 percent.

Prior to divestiture, some of DoD's major telecommunications systems were sole sourced to AT&T and other large communications carriers because they were the only source capable of installing and managing the large communications systems (e.g. AUTOVON AND AUTODIN). These systems are still in existence and their system life requires continued lease for a number of years. They will remain sole source until they are replaced competitively. This contributes greatly to the 42 percent competitive figure for DECCO and in turn effects the Agency total.

Mr. CHAPPELL. So that is a substantial improvement from the 95 percent that was not competitively awarded?

General POWERS. That is correct. Since the CICA Act of a year or so ago, I would say on the average I haven't completed or signed any more than about 10 noncompetitive actions following the Federal Acquisition Regulations and those things associated with the compelling and urgent nature of the contractor requirement.

Mr. **Chappell**. The auditors also determined the agency was contracting out functions which are more appropriately handled by government personnel, such as preparation of the agency master plan, determination of contractor statements of work, et cetera.

Have you stopped that practice?

General **Powers**. Mr. Chairman, we are well underway to stopping that totally. I started a year or so ago an action to move most of the activity, that we were contracting out, to be done in house using A-76 as part of our basic guidelines, and you will see reflected in my Fiscal Year 1987 O&M budget for civilian pay an increase of $2 million associated with the hiring of in-house personnel to do those things that I generally believe should be done in house.

Mr. **Chappell**. How did that start in the first place?

General **Powers**. Excuse me, sir?

Mr. **Chappell**. How did such a situation like that get underway in the first place?

General **Powers**. I cannot tell you what happened in history. I just know from my experience of 35 years in this business there are things better done in the government such as the development of operational contracts, operational concepts, master planning and planning in detail on what the agency should be doing—that is all best done in-house and we are well on our way to ensure that that forecloses completely.

EFFECT OF GRAMM-RUDMAN-HOLLINGS REDUCTION

Mr. **Chappell**. The Gramm-Rudman-Hollings sequestration for the DCA in 1986 amounted to approximately $13 million, right?

General **Powers**. Yes, sir.

Mr. **Chappell**. How has the agency chosen to apply those reductions and what effect has it had on agency operations?

General **Powers**. Needless to say, it caused us to do considerable replanning and reprogramming and a certain effort to reduce, as an example, our support to the CINCEUR; EUCOM; and reductions in our efforts for National Military Command System configuration. It stopped us from doing some proof of concepts for carrier interconnect studies. We stopped part of the Phase II design of the Nationwide Emergency Telecommunications System as part of the NCS.

We stopped quite a bit of our work dealing with commercial satellite interconnectivity for survivability on a ground network and we reduced considerably some of our ADP support for OSD and the JCS. We slowed down some of our planning. We pushed it to the out years.

WHITE HOUSE COMMUNICATIONS AGENCY SHORTFALL

Mr. **Chappell**. Before turning to the 1986 request, let me ask you a couple of questions about the 1986 shortfall for White House Communications Agency. The Committee understands that a reprogramming action may soon be submitted to the Congress to increase funding for the White House Communications Agency $6,000,000 above the present operating plan of $37,900,000. I think that is the right figure.

General **Powers**. That is correct, Mr. Chairman.

Mr. **Chappell**. Because the White House Communications Agency was held harmless by the DCA in the application of Deficit Reduction Act cuts, this reprogramming is not intended to restore any Gramm-Rudman-Hollings reductions, is it?

General **Powers**. No, Mr. Chairman. The reprogramming is associated with what we now know the requirements are to support the President and the Executive Office for the rest of the fiscal year. The plans that they have made prior to the time that we submit the reprogramming have all changed.

Mr. **Chappell**. In other words, just a lot more activity, a lot more work?

General **Powers**. There is a lot more activity, a lot more work and more requirements.

Mr. **Chappell**. Is that the reason you misjudged that account that much?

General **Powers**. That is the reason. I don't want to belabor the point, but for instance when the shuttle went down, there were several trips unplanned by the Executive Office that took place as a result. Also, the Vice President's travel requirements have increased lately.

Mr. **Chappell**. Do you have a good estimate of 1987 requirements for the White House Communications Agency?

General **Powers**. We feel we have as good an estimate as we can, Mr. Chairman.

Mr. **Chappell**. In other words, when you add back the $6,000,000, do you think that will handle it?

General **Powers**. We believe that will handle it.

ADP AND ANALYTICAL SUPPORT

Mr. **Chappell**. More than 30 percent of the DCA 1987 budget request is for ADP and analytical support to the Office of the Joint Chiefs of Staff and the Office of the Secretary of Defense. This amounts to $96,123,000, or an 18.8 percent increase over 1986. Why do we have such a big increase?

General **Powers**. Mr. Chairman, I would like to take that particular question for the record. My records don't indicate that we are that high in spending for those two agencies. There has been an increase in the OJCS and the OSD line for their support for analytical work, but I believe part of that is also associated with the dollar profile for the WIS program, the WWMCCS Information System and in 1987 we in DCA have to provide what we call a new operating system, software system for the new software that is coming out of the WIS program.

We have to develop the DOD protocols to make sure the message transfer system works so part of the costs are associated with that. Since we are going to get the products from the WIS hardware side of the house, we have to provide for what we call an off-site facility to test that software in the hardware.

I think the aggregate of those dollars—maybe I misspoke—is the cost for supporting the Office of the Joint Chiefs of Staff; the Office of the Secretary of Defense; the WIS improvements; about $10 million associated with bringing on the new software to support the WIS that comes in 1988; and the operational support facility to put that software on the hardware to check it out.

[The information follows:]

Specifically, the 18.8 percent increase is for the DCA Joint Data Systems Support Center which provides ADP and analytical support to the Office of the Joint Chiefs of Staff and the Office of the Secretary of Defense. Of the total increase of

$15,190,000, $2,652,000 is for price growth and $12,538,000 is for program growth as follows:

Increased support for the World-Wide Military Command and Control System (WWCCS Information System (WIS). Support includes maintenance and cost of personnel (25 positions) for new Computer hardware for the WIS. This new WIS equipment is necessary to adhere to the schedule set by the WIS Joint Program Management Office. DCA is responsible for operational test and evaluation	$2,979,000
Implementation of an Operational Support Facility to provide support to the WIS Joint Program Management Office	2,740,000
ADP analysis to support the joint staff areas of mobilization planning, CINC logistics support, conventional strategic operations, and nuclear weapons planning, deployment, allocation and assessment	4,547,000
Costs for additional sites for conversion of General Communications Operating System—8 to licensed software from Honeywell. This software is necessary to transition from the WWMCCS to the new WIS	2,272,000

ADDITIONAL WIS CAPABILITIES

Mr. CHAPPELL. What additional capabilities will WIS provide that are not now available with WWMCCS?

General POWERS. Well, one of the things, Mr. Chairman, is the fact that the present WWMCCS is operating on rather old application software, that is, the software that tells the various modules what to do. It is a classical 1970 kind of software base. In addition to that, it does provide the timely functions and allow the hardware to react to the software as the new hardware comes on line.

We commonly call that in the technical grade going from a system 3 to a system 8.

There are other factors that we want to bring on now that we have some DOD standard protocols. Three of those allow various messages, various software systems and various systems to interconnect with each other. That is the effort that we have ongoing right now.

In addition to that, we want to upgrade the hardware, get into the new chips, the new firmware associated with the 1980 technology.

Mr. CHAPPELL. Well, how much of the total amount are we talking about of the $96,123,000 that is for the actual conversion of the old WWMCCS ADP support system to the new WWMCCS?

General POWERS. Mr. Chairman, in my budget I am reflecting in 1987——

Mr. CHAPPELL. Is that the $10 million?

General POWERS. My share is $10 million.

Mr. CHAPPELL. What part of the $96 million for joint systems support is contract funds? What percentage of the total?

General POWERS. I would like to take that question for the record, Mr. Chairman.

[The information follows:]

Contract funds in the amount of $54,650,000 are for joint systems support.

NATIONAL COMMUNICATIONS SYSTEM

Mr. CHAPPELL. The National Communications System garners the largest percentage increase for DCA programs in 1987. The increase of $15,622,000 represents 35 percent and brings the total NCS budget to $59,830,000.

How much of the increase is devoted to an effort to design and lease systems to provide communications capability after a nuclear attack?

General POWERS. Of that specific figure, Mr. Chairman, I would say pretty close to 70 percent of that increase is associated with leased communications, using the public switch network, which is the cornerstone of the survivability actions associated with providing an umbrella for the 22 Federal Government agencies. That particular program is part of our effort to comply with National Security Decision 97 and the Secretary of Defense guidance 86 to 87 with respect to using more of the public switch network to provide communications for the Federal Government in the continental United States and to take whatever efforts we can to make it more survivable.

The NETS communication system, very briefly, is a system that will allow you to make a specific phone call, and if there's a disaster halfway between both ends of the system, the system will crank back to where you are and try and find another route. Today if you would make a telephone call to California from Washington and the three principal routes are out, the telephone call stops.

The NETS program utilizes what we call some sophisticated hardware and software. A call control module will allow the call to go back to the originator and say, "I can't take Route A, B, C or D. Let me try F or G."

Mr. CHAPPELL. What is the base level of support for this effort in 1986?

General POWERS. In 1986—I would like to submit that for the record, Mr. Chairman.

[The information follows:]

The base level of support for the Nationwide Emergency Telecommunications System in FY 1986 is $16,500,000

Mr. CHAPPELL. Isn't this a rather expensive multi-year program with escalating costs in the outyears?

General POWERS. On balance, the program appears to be an expensive program, and what we have done in that particular regard is to develop a program that requires the costs of the program to be funded across the 22 Federal Government agencies to reduce each individual portion of it based upon their requirements. That was the subject of a NSDD 201 that the Federal Government agencies will share the cost of all those improvements required for the National Communications System.

Mr. CHAPPELL. Can you explain a little more about the NET System?

General POWERS. The NET System is that system I described earlier that would allow—in other words, the issue is this: Ninety-five percent of all our communications in the United States for all the Federal Government, including the DOD, rides the public switch network. The NETS allows us an automated, calculated way to use that entire network for making the kind of calls we need for command and control.

The public switch network as engineered today for dollar and profit is not designed to do that without some additional funds, and that is designing some of the telephone switches to do the certain functions we need.

Mr. **Chappell**. General, will you provide for the record the current estimated total cost for the NETS support by fiscal year up through completion?

General **Powers**. Yes, Mr. Chairman.

[The information follows:]

The total program costs for the Nationwide Emergency Telecommunications System (NETS) thru FY 1995 are 818 million dollars. Under the current proposed "shared funding" concept for the National Level Program for National Security Emergency Preparedness Telecommunications called for by National Security Decision Directive 201, the DOD NETS prorata costs by fiscal year thru FY 1995 would be as follows:

[In millions of dollars]

Cumulative DOD funding including:	
FY 1987	84.6
FY 1988[1]	26.2
FY 1989	21.5
FY 1990	50.5
FY 1991	56.5
FY 1992	58.3
FY 1993	44.3
FY 1994	31.5
FY 1995[2]	30.6

[1] Start year for shared funding.

[2] DOD share of reoccurring cost at this level (less inflation) FY 1996 and out.

The total DOD program costs for NETS under the "shared funding" concept thru FY 1995 are 404.0 million dollars.

Mr. **Chappell**. We thank you very much for your very fine testimony. Again we are pleased to have you with us and will place the balance of the questions in the record.

Thank you very much.

[**Clerk's note**.—Questions submitted for the record and the answers thereto follow:]

WWMCCS CONVERSION

Question. How much the $96,123,000 requested for ADP and analytical support of is for conversion of old Worldwide Military Command and Control System (WMCCS) ADP support system to the new WWMCCS Information System (WIS)?

Answer. The $10.3 million in O&M funds are for activities being performed in conjuction with the conversion of WWMCCS ADP to the WIS. These activities would still be necessary regardless of the sequence of events in converting to WIS.

Question. When do you plan to finish the conversion and what are the total estimated costs (both DoD-wide and DCA only) of the conversion?

Answer. The conversion from WWMCCS ADP to WIS will be completed in FY 1992. The DCA total estimated costs for the conversion are $79,431,000 in O&M funds and $104,601,000 in procurement funds.

The current estimate for the total WIS program is $1,089.2 million in RDT&E funds, $815 million in procurement funds and $248.3 million in O&M funds.

CAMPARISON OF 1985 BUDGET WITH ACTUAL DATA

Question. In fiscal year 1985, the Defense Communications Agency obligated $244,382,000, a shortfall of $9,407,000 from the planned $252,789,000. Certain activities experienced significant shortfalls. For example, actual rents were 25 percent below plan, other equipment 50 percent, equipment maintenance by contract 29 percent, facility maintenance by contract 64 percent, and Professional and Management Service contracts, 88 percent below plan.

What accounts for significant deviations from the 1985 current estimates included in the 1985 justification material last year?

Answer. The shortfall between the actual FY 1985 obligations and the FY 1985 estimate by activity is due mainly to the difference between the total estimate and the total obligations. Approximately $6.1 million of the FY 1985 estimate was reprogrammed to higher priority requirements within the Department of Defense. The change in total O&M funds caused revisions in the distribution of total resources as well as reductions to the various components of the O&M program that make up the total. The remaining $3.3 million of the shortfall between the FY 1985 estimate and the actual obligations was due to small over estimations of requirements spread throughout the Agency.

Question. At the same time the Professional and Management Service contracts were declining from an estimated $5,316,000 to an actual $600,000, personnel compensation and benefits for government employees was increasing $3,790,000 (5.7 percent) above planned obligations of $62,868,000.

Can you explain this apparent shift in emphasis from contract personnel to full-time employees?

Answer. Despite appearances there was no shift from contract personnel to full-time government employees. During FY 1985 the reporting and definition of Professional and Management Services by Contract was reviewed. During this review there was question as to whether the effort we were reporting as Professional and Management Services by Contract was actually applicable to that designation. The information shown in the Program Budget Decision Summary of the FY 1987 budget does not include the effort that was questioned. However, this amount is included in the other contract category. When the amount for Professional and Management Services included in other contracts is added to the amount reported under Professional and Management Services, the FY 1985 column of the FY 1986 budget and the FY 1985 column of the FY 1987 budget are equal. For FY 1986 and FY 1987 the total Professional and Managment Services by contracts is $3,835 thousand and $3,427 thousand, respectively. The planned FY 1985 civilian personnel expenditures were based on personnel ceilings existing at the time. Subsequent to the submission of the estimated FY 1985 expenditures, personnel ceilings were lifted for the Agency. In the absence of ceilings, actual employment increased to fill critical vacancies and reduce the need for increased contract effort. The average actual salary was also higher than estimated. However, the effort classified as Professional and Management Services did not decrease with the increase in civilian pay.

Question. In 1985, Standard Level User Charges were 16 percent less than budgeted and rents were 25 percent less. The SLUC and rents total was $9,744,000 compared to a planned $12,730,000. This same occurrence is evidenced in 1986. The original estimates for SLUC and rents was $12,748,000 compared to a current estimate of $10,201,000. However, in 1987, the SLUC request increases $423,000 to $3,451,000 and rents increase $3,903,000 to $11,582,000—an increase of 47 percent above the current estimate for 1986.

What causes the increase in FY 1987 after two years of declines?

Answer. The FY 1987 SLUC increases over the FY 1986 level because of price growth 7.5 percent and an increase in the amount of office space required. There was no price growth from FY 1985 to FY 1986. The amount budgeted as SLUC in the original estimate for FY 1985 and FY 1986 included funds that were actually charged to rents in the accounting system. The FY 1985 actual and the current FY 1986 estimate does not include the rent items previously budgeted under SLUC.

The increase for rents from FY 1986 to FY 1987 is primarily for efforts in the Joint Data Systems Support Center. The new effort includes new licensing fees for the GCOS-8 software; funds to acquire software from Honeywell under a licensing agreement; and a newly leased Operational Support Facility.

The efforts classified as rents include all Non-GSA rentals, including leases. The original estimates for FY 1985 and FY 1986 included such items as ADP hardware and software, vehicle leases, etc. The anticipated funds required for lease of ADP were not acutally required. Funds programmed for customer sites under the WWMCCS ADP umbrella to pay licensing fees to Honeywell, Inc. were included in the original estimates. During FY 1985 however, the decision was made to migrate from the GCOS-8 operating system to a commercial version. This action and a smaller than anticipated customer demand for new software decreased the rents requirements. Rents were also reduced because vehicle leases in support of the White House Communications Agency were less than anticipated.

Question. Based on the past two years experience, why should the Committee place much credence in the FY 1987 estimate?

Answer. The reduction in the combined rents and SLUC for the past two years were driven by unforeseeable delays in program plans. Requirements, such as the need for software license fees cannot be further delayed. The FY 1987 estimate is based on current program plans. The funds budgeted for rents and SLUC will be required.

[CLERK'S NOTE.—End of questions submitted for the record.]

DEFENSE CONTRACT AUDIT AGENCY

INTRODUCTION

Mr. **Chappell**. The next witnesses will be representatives from the Defense Contract Audit Agency. The DCAA is charged with providing contracts, audits and financial advisor services to DOD components responsible for procurement and contract administration. Today marks the first appearance before the Committee of the Director, Mr. William H. Reed.

Welcome, Mr. Reed. We are pleased to have you with us and if you will summarize your statement, we would appreciate it.

Summary Statement of Mr. Reed

Mr. **Reed**. Thank you, Mr. Chairman.

Mr. Chairman and members of the Committee, I appreciate the opportunity to appear before you and present the Defense Contract Audit Agency's fiscal year 1987 budget request.

My detailed testimony, which has been submitted for the record, covers the establishment, mission, organization, workload categories and trends, and staffing in greater detail. I will, at this time, merely comment on the key points contained in that statement.

This request, which is included under the appropriation operation and maintenance, defense agencies, fiscal year 1987, totals $235.1 million. The majority of this amount, or about $198 million, is required for civilian personnel salaries and benefits. The remainder is for travel and other operating costs of a housekeeping type nature.

The agency's mission, as stated in Department of Defense Directive 5105.36, has not changed since 1965.

It is to "perform all necessary contract audit for the Department of Defense and provide accounting and financial advisory services regarding contracts and subcontracts to all Department of Defense components responsible for procurement and contract administration."

These audit services are also provided to other Federal agencies on a reimbursable basis at contractor locations where the Department of Defense has the predominate financial contract interest. Audits are also performed for the military departments in connection with the foreign military sales program. These services essentially result in the Defense Contract Audit Agency doing almost all the contract audit work at commercial companies for the Federal Government.

The Defense Contract Audit Agency is basically a professional auditing agency; 81 percent of its 4,641 employees are professional accountants and auditors. Almost all of the audit staff are college graduates, 17 percent have graduate degrees, and 26 percent of the professional staff are certified public accountants or have passed the CPA exam.

The Defense Contract Audit Agency is responsible for two major categories of work. The first category, which demands the highest priority, is pricing proposal evaluations. Prior increases in defense appropriations, the recent Federal acquisition regulation change to the price proposal audit threshold, and Defense Department management initiatives will substantially increase the agency's workload in fiscal year 1986 and beyond.

The second area is the audit of incurred costs. The annual dollar volume of such contracts in fiscal year 1986 totaled $65.1 billion and involved some 75,000 contracts. At the beginning of fiscal year 1986, we estimated the unaudited backlog to be $70 billion.

Included in these numbers are the dollar value of some 1,800 contractor annual overhead claims which have been submitted to us for audit more than a year ago and are still uncompleted.

This was expected to increase to $84.7 billion at the beginning of fiscal year 1987. However, due to fiscal year 1986 budget reductions as a result of the Deficit Reduction Act, the beginning fiscal year 1987 backlog is now estimated to be $93.3 billion and will grow to $111.2 billion by the end of fiscal year 1987 if additional staffing is not provided.

There are two primary reasons why the incurred cost audit backlog has increased. One has been that audit staffing has not kept pace with the rising Defense Department procurement levels; and the second is the level of effort required to be spent in areas of higher audit priority such as price proposal audits, forward pricing rate reviews, and defective pricing reviews.

While we believe it is a reasonable judgment to apply our limited resources to the highest priority workload in terms of sensitivity and dollar impact, this cannot be continued indefinitely to the detriment of other mission responsibilities.

If incurred cost audits are not done on a reasonably timely basis, the impact to the government takes several forms. Frequently the contractor's incurred cost experience becomes the basis for projecting future costs on new contracts being negotiated. Additionally, interim billing rates may be overstated resulting in the contractor being paid for more costs than it is entitled to until such time as the final audits are completed.

These late audits also are troublesome to contractors who are unable to get final payments on their contracts until the audit work is completed.

For these reasons, we have requested an additional 1,607 positions in fiscal year 1987 to make a concentrated effort to get current, and stay current, in the audit of incurred costs.

As I noted getting current is an integral part of reviewing contractor price proposal estimates of new contracts and a major deterrent to fraud, waste and abuse. The requested additional positions will be placed in the field audit offices.

Our fiscal year 1987 budget request of $235.1 million represents an increase of $48.2 over our estimate for fiscal year 1986. The majority of this amount, or some $46.3 million, is for the additional 1,607 positions. The balance is for minor support cost changes.

If these resources are approved by the Committee, experience has shown that the overall cost reductions to the Department of Defense and the taxpayers should far exceed the costs of the additional staff.

During fiscal year 1985, the Agency continued to achieve significant audit productivity results. We examined about 31,000 contractor pricing proposals worth about $253 billion, and audited $54 billion of contractor incurred cost claims. Total cost questioned was

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about $12.4 billion for a net savings to the taxpayer of about $7.8 billion.

Savings to the government, as a result of contract audits, have consistently outweighed the cost of the Defense Contract Audit Agency operations. In fiscal year 1985, it cost $180 million to do our work, and the taxpayers saved $7.8 billion through lower procurement costs. The return, on a three-year moving average, shows a savings of $46 for each dollar invested in the Defense Contract Audit Agency.

This concludes my statement, Mr. Chairman. I will be pleased to answer any questions that you and members of your Committee may have.

Mr. CHAPPELL. All right, sir. Thank you very much.

[The statement of Mr. Reed follows:]

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STATEMENT OF THE DIRECTOR, DEFENSE CONTRACT AUDIT AGENCY

Mr. Chairman and Members of the Committee, I appreciate the opportunity to appear before you and present the Defense Contract Audit Agency's Fiscal Year 1987 budget request.

This request, which is included under the Appropriation "Operation and Maintenance, Defense Agencies, Fiscal Year 1987," totals $235.1 million. The majority of this amount, or about $198 million, is required for civilian personnel salaries and benefits. The remainder is for travel and other operating costs of a housekeeping type nature.

We are also requesting $8.1 million under the "Procurement, Defense Agencies" account for fiscal year 1987. These funds will provide for the ongoing enhancement of the DCAA Integrated Information System (DIIS).

First, a few words highlighting the Defense Contract Audit Agency organization.

ESTABLISHMENT

The Defense Contract Audit Agency was established on 1 July 1965 by the Secretary of Defense and assigned the responsibility for all Department of Defense contract auditing. Prior to the formation of Defense Contract Audit Agency, the contract audit function was fragmented among the Army Audit Agency, the Auditor General of the Navy, and the Air Force Auditor General's office. Then Secretary of Defense Robert McNamara, in announcing the formation of the Defense Contract Audit Agency, stressed the objectives of uniformity and consistency in contract audit activities and the organizational efficiency of a single component providing a common service. In 20 years since our formation, the Defense Contract Audit Agency has fulfilled those ambitions and more. The Defense Contract Audit Agency is a separate Agency within the Department of Defense under the direction, authority, and control of the Assistant Secretary of Defense (Comptroller).

MISSION

The Agency's mission, as stated in Department of Defense Directive 5105.36, has not changed since 1965. It is to:

> Perform all necessary contract audit for the Department of Defense and provide accounting and financial advisory services regarding contracts and subcontracts to all Department of Defense components responsible for procurement and contract administration. . .

These audit services are also provided to other Federal agencies on a reimbursable basis at contractor locations where the Department of Defense has the predominate financial contract interest. Audits are also performed for the military departments in connection with the Foreign Military Sales Program. These services essentially result in the Defense Contract Audit Agency doing almost all the contract audit work at commercial companies for the Federal government. We estimate that the reimbursable earnings will approximate $20 million in Fiscal Years 1985 and 1986, respectively.

While the scope of the Defense Contract Audit Agency's mission has not changed recently, the amount of responsibility within that mission has grown. Several examples of developments contributing to this growth are:

Cost Accounting Standards Implementation (Public Law 91-379)
Audits for Economy and Efficiency
Emphasis on Detection of Fraud, Waste, and Abuse
Compliance with Truth in Negotiations Act (Public Law 87-653)
Lowering of the Required Review Threshold for Price Proposals
Determination of Overhead Rates at all Department of Defense
  Contractor locations

AGENCY ORGANIZATION

The Agency's Headquarters is located at Cameron Station, Alexandria, Virginia. The Headquarters function is to provide the Agency with audit policy research and formulation, operational guidance and oversight, external liaison, and resource management. Training in auditing methods, technical guidance, and research on audit program applications is provided by the Defense Contract Audit Institute in Memphis, Tennessee.

The Agency's six regional offices (Atlanta, Boston, Chicago, Los Angeles, Philadelphia, and San Francisco) manage 430 field audit offices throughout the continental United States and overseas. About half of these offices are located in large metropolitan areas, and the other half are located in the plants of the larger defense contractors.

The Defense Contract Audit Agency is basically a professional auditing agency; 81 percent of its 4,641 employees are professional accountants and auditors. Almost all of the audit staff are college graduates, 17 percent have graduate degrees, and 26 percent of the professional staff are Certified Public Accountants or have passed the CPA exam. The Defense Contract Audit Agency also employs a staff of about 282 administrative support personnel Agency-wide (personnel specialists, computer specialists, and budget analysts). The auditing and administrative effort worldwide is supported by approximately 588 clerical personnel engaged principally in preparing and tracking audit reports.

MAJOR WORKLOAD CATEGORIES AND TRENDS

To further clarify the Agency's Fiscal Year 1987 Operation and Maintenance budget request, let me explain the major workload categories and trends.

1. Proposal Evaluations

In the course of buying the thousands of items needed for national defense, Government contracting officers frequently require a detailed cost proposal to negotiate a reasonable price. Prudent business practice dictates that the proposal be audited against the contractor's records of current and/or past production costs, the contractor's basis for estimating costs of the contract, and the Federal Acquisition Regulation. Called proposal evaluation, this type of audit is one of the primary functions of the Defense Contract Audit Agency. The auditor submits to the contracting officer a written report for use in negotiating the contract price and, upon request, attends the negotiation. The Defense Contract Audit Agency last year examined in excess of 31,000 proposals with a total dollar value of more than $253 billion.

Prior increases in defense appropriations, the recent Federal Acquisition Regulation change to the price proposal audit threshold, and Defense Department management initiatives designed to increase surveillance over defense contract expenditures will substantially increase the Agency's workload in Fiscal Year 1986 and beyond.

2. Incurred Costs

Many contracts awarded by Department of Defense and other agencies require audits of actual costs incurred and billed to the Government. These audits are generally performed on an annual cycle and encompass the contractor's entire incurred cost business activity during that period. The audits become the basis of establishing final indirect overhead rates and ultimately closing out the contracts when all work is completed. Objectives are to ensure that billed costs are allowable, allocable, and reasonable under existing regulations and the terms of the contracts.

The annual dollar volume of such contracts in the most recent fiscal year totaled $65.1 billion and involved some 75,000 contracts. At the beginning of Fiscal Year 1986 we estimated the unaudited backlog to be $70 billion. Included in these numbers are the dollar value of some 1,800 contractor annual overhead claims which have been submitted to us for audit more than a year ago and are still uncompleted. This was expected to increase to $84.7 billion at the beginning of Fiscal Year 1987. However, due to budget reductions as a result of the Deficit Reduction Act, the beginning FY 1987 backlog is now estimated to be $93.3 and will grow to $111.2 billion by the end of FY 1987 if additional staffing is not provided.

There are two primary reasons why the incurred cost audit backlog has increased. One has been that audit staffing has not kept pace with the rising Defense Department procurement levels; and the second is the level of effort required to be spent in areas of higher audit priority such as price proposal audits, forward pricing rate reviews, and defective pricing reviews.

While we believe it is a reasonable judgment to apply our limited resources to the highest priority workload in terms of sensitivity and dollar impact, this can not be continued indefinitely to the detriment of other mission responsibilities. If incurred cost audits are not done on a reasonably timely basis, the impact to the Government takes several forms. Frequently the contractor's incurred cost experience becomes the basis for projecting future costs on new contracts being negotiated. Additionally interim billing rates may be overstated resulting in the contractor being paid for more costs than it is entitled to until such time as the final audits are completed. These late audits also are troublesome to contractors who are unable to get final payments on their contracts until the audit work is completed.

For these reasons, we have requested an additional 1,607 positions in Fiscal Year 1987 to make a concentrated effort to get current, and stay current, in the audit of incurred costs. As I noted, getting current is an integral part of reviewing contractor price proposal estimates of new contracts and a major deterrent to fraud, waste, and abuse. The requested additional positions will be placed in the field audit offices.

We estimate that 1,548 workyears of additional effort are necessary to accomplish this objective without affecting the accomplishment of other higher priority work. Some of this effort was to be accomplished within existing staffing levels through the use of overtime. As a result of the Balanced Budget and Emergency Deficit Control Act of 1985, we will not be able to make significant progress on this work this year. Continued shortfalls in resources will translate to diminished audit quality from limiting the scope of our audit reviews, and/or continued growth of the incurred cost audit backlog.

If these resources are approved by the Committee, experience has shown that the overall cost reductions to the Department of Defense and the taxpayers should far exceed the costs of the additional staff.

3. Other Direct Effort

Other direct effort is all other effort associated with attendance at negotiations, interface with the General Accounting Office, support to the Department of Defense Inspector General, fraud referrals and support to investigative organizations and the Justice Department, and special projects and studies.

STAFFING

The Agency's authorized staffing at the time of our establishment in 1965 was about 3,600 personnel. This staffing level has remained relatively constant over the years, until the recent past when we were authorized staffing increases that resulted in our current authorized staffing level of 4,854 for Fiscal Year 1986.

FISCAL YEAR 1987 BUDGET SUMMARY

Our fiscal year 1987 budget request of $235.1 million represents an increase of $48.2 million over our estimate for fiscal year 1986. The majority of this amount, or some $46.3 million, is for the additional 1,607 positions. The balance is for minor support cost changes.

NET SAVINGS

Savings to the Government, as a result of contract audit, have consistently outweighed the cost of the Defense Contract Audit Agency operations. In fiscal year 1985 it cost $180 million to do our work, and the taxpayers saved $7.8 billion through lower procurement costs. The return, on a 3-year moving average, shows a savings of $46 for each dollar invested in the Defense Contract Audit Agency.

The Defense Contract Audit Agency savings versus cost of operation for the most recent three fiscal years completed are shown below:

	FY 1983	FY 1984	FY 1985
Savings (billions)	$ 6.8	$ 7.5	$ 7.8
Operating Costs (millions)	$ 141	$ 158	$ 180
Savings per Dollar of Operating Costs	$ 48.23	$ 47.47	$ 43.33

CONCLUSION

This concludes my statement. I will be pleased to answer any questions that you and members of your committee may have.

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Mr. **Murtha** [presiding]. Mr. Reed, I understand you had a long statement. We will see if we can't keep the questions short if you will keep your answers shorter, and then we will get done here.

Planning and Resource Allocation

Last year's Committee report cited a then-draft GAO report on the DCAA and the GAO's concerns that the DCAA planning process was not making the best use of its resources. The Committee directed DCAA to provide a record of workyears by region since fiscal year 1983 and a resource allocation plan based on measurable workload. The report has been received. The staffing record will be included in the hearing at this point.

[The information follows:]

I. Track of Hiring and Placement Since FY 1983.

A. Hiring Data:

	FY 1983	Change	FY 1984	Change	FY 1985	Change	FY 1986
Authorized End Strength	3,748	+ 399	4,147	+ 485	4,632	+ 222	4,854
Actual On-board End Strength	3,746	+ 410	4,156	+ 485	4,641		
Funded Work Years	3,601	+ 246	3,847	+ 413	4,260	+ 483	4,743

The distribution of authorized end strength by year by major component is as follows:

Component	FY 1983	Change	FY 1984	Change	FY 1985	Change	FY 1986
Atlanta Region	599	63	662	74	736		
Boston Region	617	30	647	67	714		
Chicago Region	514	39	553	79	632		
Los Angeles Region	641	71	712	76	788		
Philadelphia Region	578	53	631	65	696		
San Francisco Region	557	77	634	98	732		
Headquarters	114	- 6	108	0	108		
Other Field Activities	128	72	200	26	226		
Total	3,748	399	4,147	485	4,632	222	4,854

B. Physical and Functional Placement of Additional Staffing:

Growth in DCAA staffing levels over the last several fiscal years is directly related to the growth in DoD procurement levels and the initiatives established by DoD to reduce fraud, waste and abuse in defense procurement programs. Placement of DCAA staff increases for FYs 1984 and 1985 are as follows:

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Placement	FY 1984 Staff Allocation (Note 1.)	FY 1985 Staff Allocation: Lowering Proposal Threshold (Note 2.)	Labor Audits (Note 3.)	Defective Pricing (Note 4.)	Total
Atlanta Region	+ 63	+ 47	+ 28	+ 10	+ 85
Boston Region	+ 30	+ 53	+ 16	+ 12	+ 81
Chicago Region	+ 39	+ 37	+ 15	+ 13	+ 65
Los Angeles Region	+ 71	+ 60	+ 28	+ 16	+ 104
Philadelphia Region	+ 53	+ 60	+ 9	+ 9	+ 78
San Francisco Region	+ 77	+ 43	+ 15	+ 14	+ 72
Headquarters	- 6				
Other Field Activities	+ 72				
Totals	+ 399	+ 300	+111	+ 74	+ 485

Note 1: The FY 1984 DoD Appropriations Bill mandated that 400 additional auditors be placed in DCAA field audit offices. (OSD action removed one authorized end strength from Headquarters.) The increased staffing was primarily targeted toward reducing the backlog of unaudited incurred costs, which had grown substantially.

Note 2: Of the 485 total additional positions authorized, 300 were justified on the basis of a change to the DoD Federal Acquisition Regulations (FAR) which lowered the price proposal audit threshold from $500,000 to $100,000, thereby necessitating additional forward pricing proposal audit reviews.

Note 3: A total of 185 positions was authorized to expand comprehensive labor audit coverage and to perform more defective pricing reviews. Comprehensive labor audits focus on contracts where DoD's vulnerability to labor mischarging is highest. Including field audit office administrative support, 111 positions relate to performance of these labor audits.

Note 4: The remaining 74 positions were for increased defective pricing audit effort, as indicated in Note 3.

FY 1986: Although an end strength increase of 222 positions was authorized for FY 1986, we will be unable to hire most of these additional people due to the impact of the Gramm-Rudman Deficit Reduction Act.

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Mr. **Murtha**. According to the Staff Resource Requirements Plan submitted by DCAA in response to the Committee's directive, "A staff allocation model, developed in 1984 and refined in 1985, allocates available resources to regions on the basis of required audit allocation . . . The staff allocation model used by DCAA headquarters in allocating resources to the regions has been provided to the regions for their use."

This would seem to indicate a top-down management approach to resource allocation. However, the plan also states the requirements determination process recognizes the decentralized nature of the Agency's mission and relies heavily on the relative priorities among audits as established by the field audit office personnel. This seems to indicate a bottom-up approach to resource allocation.

What can you add to the statements in the Staff Resource Requirements Plan to allay the Committee's concerns?

Mr. **Reed**. I can respond by summarizing the process this way: We believe that the managers of our field audit offices, who are knowledgeable of the contractors they audit, are in the best position to determine the resource needs of their particular location in order to protect the government's interest. Therefore, they start our planning process by analyzing the workload that they believe has to be done to fulfill professional auditing standards and assure that we are receiving a fair price for the products we are receiving.

That data is then summarized, furnished to the region and eventually on to the headquarters. The headquarters process is primarily to assess priorities among all the regions on a consistent basis, and then to allocate resources accordingly. I believe that this is a logical sequence for planning contract audits, Mr. Chairman.

TIMELINESS OF DCAA REPORTS

Mr. **Murtha**. The General Accounting Office final report on DCAA operations was issued on February 19, 1986, "Contract Audits—DCAA Needs to Increase Its Management Oversight of Planning Operations," NSIAD-86-6. The GAO also noted that 47 percent of DCAA's reports which it reviewed were received after the requested due date.

What steps is the agency taking to increase its on-time delivery rate?

Mr. **Reed**. We have been working closely with the acquisition commands who have raised concerns about the timeliness of audit reports. The GAO, I might note, went on to say that in many cases they could find no reason for the urgency of the dates established for the reports, and when they were received they then sat for many weeks before use was made of the reports.

We are trying to establish with our acquisition clients a reasonable way of establishing audit due dates based on real need. If they have a negotiation schedule which calls for our audit report to be completed by a certain date, we will break our backs to see they get that audit report. However, if they are arbitrarily putting 20 and 30-day turnarounds on every request regardless of significance or complexity, we feel we ought to go back to them and prioritize that work.

Mr. **Murtha**. That makes sense.

The gentleman from Ohio.

UNFILLED AUTHORIZED POSITIONS

Mr. **Miller**. Thank you, Mr. Chairman.

I am looking at your statement, Mr. Reed, and I see in three different places there are figures for staffing. There is an authorized level of 4,854 on page 7, and then on page 3 you show that you have 4,641, and then I see on page 6 you are requesting an additional 1,607. So you have 213 authorized now that are not filled.

Is there a reason why they are not filled? Is this a normal backlog or for what reason do we need an additional 1,600 if we have 213 empty positions?

Mr. **Reed**. Part of the difference in the numbers that you are referring to relates to work years versus end strength years, but we currently do have a number of positions vacant primarily due to the impact of the Gramm-Rudman Deficit Reduction Act. When we took our share of that reduction, we were unable to hire 222 positions which had been authorized for fiscal year 1986. Those positions were authorized on a half-year funding basis and account for the majority of the difference that you are referring to, sir.

Mr. **Miller**. But what I am referring to is staffing level, not necessarily work years. It does state employees, 4,641 employees, and 1,607 positions. But at any rate what you are saying overall is that during the last half of FY 1986, Gramm-Rudman-Hollings has affected you.

Did you have to move people off the payroll or were those positions not filled for the first half of 1986?

Mr. **Reed**. No, sir. They had not been filled at the time of the Gramm-Rudman impact. Therefore, we chose not to fill them and so essentially there are 222 positions that we would like to have filled in the second half of this fiscal year that we will be unable to do so because of Gramm-Rudman reductions.

UNJUSTIFIABLE DEFENSE PURCHASE COSTS

Mr. **Miller**. Since you are the Director of the Defense Contract Audit Agency, and we hear so many stories about the military—it has been going around now for years, and people may blow it out of proportion—but the high prices paid for ball peen hammers, for pliers, and so forth, who uncovered that? Did your auditors uncover expenditures that were extremely out of line? Were there many expenditures extremely out of line?

Mr. **Reed**. I believe in several instances cited it was the result of our work. In many other instances these items were being purchased on very small orders not subjected to audit. They were being bought under purchasing formula agreements specifically designed to procure small cost items; therefore, were not subjected to the DCAA review.

CONTRACTS REQUIRING AUDITS

Mr. **Miller**. What is the threshold figure for not auditing what we will call a small contract?

Mr. **Reed**. Any negotiated contract contemplated to exceed $100,000 requires audit. Anything below that may be subjected to price or cost analysis by a price analyst or a value analysis as is now done by most of the acquisition centers.

Mr. **Miller**. For any of the $100,000 or up contracts, are they all classified the same? Do you pore over them, so to speak, and screen them the same way? Or do you have high priority contracts which you feel you need to look at because something has triggered special attention, a little like IRS does? They have such a volume and they establish certain criteria for triggering special attention. Do you have a similar system, or do you have a uniform way for handling all contracts?

Mr. **Reed**. I believe it is correct to say that a basic tenet of auditing in any field is to determine the materality of the item you are reviewing. That would determine the amount of audit effort spent on that particular pricing proposal. We would not give the same level of audit effort to a $100,000 proposal that we would to a $100 million proposal.

We would evaluate the risk and spend what we consider an appropriate amount of review effort on the $100,000 proposal.

Mr. **Miller**. With regard to your backlog you say that there are two causes, staffing has not kept pace with the rising DOD procurement, and the level of effort required to be spent on areas of higher audit priority.

With regard to the latter, are you saying that it now takes longer to do an average audit? Can you give us an average time for completion of an audit?

Mr. **Reed**. Not on a general basis. We are attempting currently to improve the quality of our audit work. We are not insensitive to much of the criticism and problems that have been found in acquisition processes, some of which relate to our work. We are making a serious attempt to assure that we are adhering to generally accepted auditing standards in our work. So as a result, we are spending more time on certain areas of our work in order to improve the audit quality.

Mr. **Miller**. How do you feel the situation compares to five years ago? Are we in better shape now? Have you had the capital expenditure to purchase the computers, the necessary hardware, in order to keep up and do a better job than we did five years ago?

Mr. **Reed**. Absolutely, sir We have received some productivity funds in order to bring automation to our Agency in the last five years. In addition, since 1983, we have received some staff increases directly, I might say, as a result in some cases of Congressional action.

We have had approximately a 38 percent staff increase since 1982 so we are starting to get recognition of what have been longstanding problems in staffing shortages in our Agency and getting the proper equipment to do its job.

Mr. **Miller**. To get back to the $100,000 and up contract threshold for doing an audit, do you audit all of the contracts or is there some recommendation that you follow in deciding that this particular contract and the business thereof should be audited? In other words, do you audit right down the line all of them or a part of them?

Mr. **Reed**. The Federal Acquisition Regulations require any negotiated contract over $100,000, for which cost and pricing data is submitted, to be audited. However, the contracting officer has the flexibility to waive an audit under unusual situations. I believe we are getting audit requests for nearly every one of those over $100,000.

Mr. Miller. Very good.

How many such contracts are there per year in DOD?

Mr. Reed. $100,000 contracts?

Mr. Miller. Yes, $100,000 and up.

Mr. Reed. I would like to submit that for the record.

Mr. Miller. If you would, fine.

[The information follows:]

During fiscal year 1985, the Department of Defense awarded 31,490 negotiated prime contracts which were $100 thousand or more in value.

The Defense Contract Audit Agency does not maintain these statistics. However, the Washington Headquarters Services, Directorate for Information, Operations and Report (DIOR), within the Department of Defense, does accumulate this type information. The above data was taken from their publication DIOR/PO8 for fiscal year 1985.

Mr. Miller. Thank you, Mr. Chairman.

STAFFING INCREASES

Mr. Murtha. You were just talking about increases. You had a 25 percent increase in 1987 in your staffing?

Mr. Reed. We are asking for an increase of 1,600 spaces from a level of 4,800.

Mr. Murtha. So that is 33 percent; is that right?

Mr. Reed. That sounds pretty close.

Mr. Murtha. Now, are you going to be able to hire that many qualified people and train them in one year?

Mr. Reed. Yes, sir. We are making plans right now so that we can accomplish that task. We plan to seek direct hire authority from OPM. We have our personnel offices busily preparing the groundwork at the colleges and universities and working with the placement offices. We are making college recruiting visits already to get people to get their applications in to OPM. As you know, it takes some time for an applicant to submit his/her application and be certified out to us for hire.

Mr Murtha. That is what I mean. I wonder if you can go through all the procedure of hiring that number of people in a one-year period of time. In other words, a 33 percent increase looks like you will have an awful lot of your people training other people during that period of time. I wonder if it is not unrealistic to increase it that much in such a short period?

Mr. Reed. It certainly is going to be a strain, no question. We thought long and hard about just how much we could absorb. I should point out that our requirements far exceed the additional spaces. This was considered to be the amount that we could bite off at one whack. We have a Defense Contract Audit Institute which is strictly a training institution that will be running these people through on a large group basis.

Mr. Murtha. At what grade level do you expect to hire these people?

Mr. Reed. Most will be hired at an entry level GS-7.

Mr. **Murtha**. What education and work experience are you looking for?

Mr. **Reed**. A bachelor's degree with 24 units of accounting.

Mr. **Murtha**. Any special training?

Mr. **Reed**. Not necessarily, sir.

Mr. **Murtha**. Any questions, Mr. McDade?

Mr. **McDade**. No questions. Thank you, Mr. Chairman.

Mr. **Murtha**. Thank you very much. We will place the balance of the questions in the record.

[Clerk's note.—Questions submitted for the record and the answers thereto follow:]

Question. The justifications indicate on page 265 that $42 million is required for 1,400 additional positions and $4,339,000 is required for 207 positions (144 work years). Thus, the lapse rate for the 207 positions is approximately one-third. What lapse rate is assumed for the other 1,400 positions?

Answer. The budget does not assume any lapse rate for the other 1,400 positions. We believe we can hire the additional employees at an accelerated rate and manage funds available to produce the equivalent level of work years with no lapse rate. Our recruitment plans envision stepping up college recruiting, advertising and contacting professional associations. We intend, also, to seek direct hire authority from OPM. Direct hire authority is absolutely critical to achieving this level of hiring without a lapse rate. We would welcome whatever assistance anyone can provide in urging OPM to grant DCAA this authority. We will also request OPM to provide for authority to pay special salary rates and PCS costs to the first duty station where appropriate.

Hiring this many people is not an easy task, but the alternatives are even less desirable. The shortfall between our requirements and authorized staff is so large that extraordinary measures are called for. Otherwise requirements will continue to expand at a greater rate than authorized levels resulting in a permanent understaffed audit organization.

Question. On the same page the justification states that the additional staffing "should result in overall cost reductions to DOD and the taxpayers far exceeding the costs of the additional staffing". What statistics do you have to document this claim?

Answer. Statistics based on historical trends support the contention that additional staffing will reduce the overall cost to DOD and the taxpayer. A five year summary of operations, including savings resulting from operations is shown below:

	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
Pricing proposals evaluated	34,359	30,672	28,313	28,266	31,100
Dollar value (billion)	$204.6	$175.3	$234.9	$272.5	$253.1
Incurred costs audited (billion)	$39.0	$43.7	$46.1	$47.0	$54.3
Total amounts audited (billion)	$243.6	$219.0	$81.0	$319.5	$307.4
Net savings (billion)	$5.3	$5.2	$6.8	$7.5	$7.8
Total agency operating costs (million)	$121.4	$131.6	$141.3	$157.7	$180.0
Ratio of total reported net savings to operating costs	44:1	39:1	48:1	48:1	43:1

The dollar value of proposals evaluated exceed the value of DOD prime contracts awarded. Many times multiple contractors will submit proposals for the same contract. An audit is required for each proposal submission to assist the contracting officer in negotiating the best technically qualified bid at the lowest or most reasonable price. There is also a timing factor between date of audit and date of contract award which makes comparison between dollars audited and value of contract awards in any one year impossible. Additional dollars examined include our non DOD audit activity.

Question. DCAA estimated that for the 12 months ending June 30, 1984, its audits resulted in $10.4 billion in recommended audit adjustments. However, the DoD Inspector General reported that DCAA's reported savings (1) were not prepared in accordance with existing DCAA guidelines, (2) did not have sufficient documentation, (3) were claimed before they were realized through contracting actions, and (4) contained mathematical and clerical errors. What comment do you have on the IG's allegations concerning inaccuracies in DCAA reported savings?

Answer. DCAA constantly strives to accurately report management data and we recognize and agree with the DoD IG that there is a need for continuing manangement attention to reported savings data. We do not agree however, that the DOD IG report clearly indicates a systemic condition or that our data cannot generally be relied upon.

It should be noted that the DoD considers our statistics generally reliable enough, despite some minor level of error and judgmental estimates, to include them in its semi-annual report to Congress. Most importantly, the DoD IG would acknowledge that audit savings exceed the cost of the audit by such margin, that discussion of administrative errors in recording the savings is relevant only to normal concerns to be as precise as reasonably possible.

DCAA is striving to assume errors in our reporting are kept to an absolute minimum. Steps taken or in process are as follows:

1. Reestablish a MIS committee, and continuously monitor the current MIS and implement additional changes through routine system checks.
2. To the extent possible and feasible, develop standardized forms and/or computerize computation of amounts sustained and net savings.
3. Provide more training of supervisory and audit staff personnel on the preparation of savings reports.
4. Consolidate the guidance on reporting of savings into a separate pamphlet for use by the field audit offices.

[CLERK'S NOTE.—End of questions submitted for the record.]

DEPARTMENT OF DEFENSE INSPECTOR GENERAL

Mr. **Murtha** [presiding]. Mr. Vander Schaaf, let me say we hope you will be able to be concise like you always were when you were a member of the staff of this Committee.

Summary Statement of Mr. Vander Schaaf

Mr. **Vander Schaaf**. Thank you, Mr. Murtha. I will do the best I can.

We do need this 1987 budget request that we have before you. That is the point I want to hammer home as concisely as I can.

We are one of 17 Inspector General organizations in the Federal Government. We are one of the later ones created by Congress. It is our job to go after fraud, waste and abuse within the Department of Defense.

We are also clearly tied to the other audit and investigation and inspection organizations within the DOD. We are enmeshed in all parts of the DOD's operations and we place particular emphasis on the procurement and procurement-related activities that the Department conducts.

Our audit emphasizes product substitution, cost mischarging——

Mr. **Murtha**. You are responsible for finding all these excesses?

Mr. **Vander Schaaf**. A good number of those cases were, in fact, found by our auditors, that is correct. We don't always get the credit for it, but that is the same way with you. I understand that you do a lot of good things for DOD, too, and you don't always get the credit for it either. My boss tells me there is no limit to the amount of good a man can do if he doesn't care who gets the credit for it.

We hope you enact our budget.

I want to tell you up front that we more than pay our way in what we do. In fiscal year 1985, our auditors saved the Department $1.1 billion through audit work. We got about $187 million in documented savings through our inspection activities and about $21 million in recoveries, fines and restitutions from our investigators. That is about a 24 to 1 payback from the activities of the IG.

We ask are asking for $77 million this year, Mr. Chairman, an increase of $9.4 million over the previous year, a 13 percent or 14 percent increase when you add the inflation amount.

It includes about 258 more work years of inspectors, auditors and investigators, primarily criminal investigators. That is where our biggest problem seems to be.

Mr. **Murtha**. Would you say then for that $9 million you are going to get 27 times the dollar?

Mr. **Vander Schaaf**. I don't know how much we are going to recover, whether we will get that much, but if you provide us with that $77.4 million, I will be back here in 1988 and be able to tell you that we will show you $1.5 billion to $2 billion in documented savings or recoveries to the Department. That is the best I can do, and I will give you a list of those by audit report if you want to see them.

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I have the figures for 1985, which were $1,117,000,000 and can show it to you by audit report. $711 million of that has been agreed to by management. The balance is in the resolution process.

We now have in effect something we never had in the Department, a follow-up program where we go out and say, "Okay, manager, you told those auditors that by this time you would have made those savings, show us how you made them." That keeps the audit system effective and efficient and without it we were spending a lot of money on auditors and not getting the paybacks we should have gotten.

I sat up here for years as a staff member and asked questions and read the audit reports and saw management agree with the findings and state that it would take corrective action, and then two or three years later, we would be asking the same questions.

So the audit follow-up function is very important.

Another byproduct of our criminal investigative activity, can't be measured in monetary savings. We have a major deterrent effect by the very fact that we are there. The fact that potential violators know somebody is looking around at what is going on causes them to be more circumspect in their activities.

We performed ten comprehensive systemic inspections on a worldwide basis in 1985, went to 306 locations within the Department. We opened up 208 special inquiries, and we completed 239 special inquiries. Many of those came from our hotline, a lot from members of Congress, in some cases directly from the Secretary of Defense.

I don't know how long you want me to talk.

Mr. MURTHA. We would like to go to questions. Your statement will be placed in the record.

[The statement of Mr. Vander Schaaf follows:]

STATEMENT BY DEREK J. VANDER SCHAAF
DEPUTY INSPECTOR GENERAL, DEPARTMENT OF DEFENSE
BEFORE THE DEFENSE SUBCOMMITTEE
HOUSE APPROPRIATIONS COMMITTEE
ON APRIL 17, 1986

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to present the budget request for the Inspector General, Department of Defense, for fiscal year 1987. As you know, the Inspector General at the Department of Defense is one of 17 statutory Inspectors General in the Federal Government whose mission is to prevent and detect fraud, waste, and abuse and promote improved management economy and efficiency in operations. We accomplish this mission with a vigorous program of audit, investigation, and inspection and as participants in various management improvement activities throughout the Department.

The Inspector General, DoD, also has some responsibilities set forth in amendments to the 1978 Inspector General Act which are unique, including:

o Developing policy, monitoring and evaluating program performance, and providing guidance on both criminal investigation activities and audit activities throughout the Department of Defense,

o Monitoring and evaluating the adherence of Department auditors and criminal investigators to established policies and procedures;

o Ensuring that the internal audit, inspection, and investigative units of the Military Departments avoid duplication while enhancing coordination and cooperation.

Mr. Chairman, the Defense Inspector General's activities are clearly tied closely to the other DoD auditors, inspectors, and investigators, indeed they are enmeshed in literally all of the operations of the Department. However, we place particular emphasis on procurement and procurement-related activities, a continuation of something we have done since we were established. Our audits emphasize all aspects of procurement, and our investigations emphasize product substitution, cost mischarging, and bribery in the procurement process. Inspection activities are focused on agency management and cover the broad range of operational economy, efficiency, and effectiveness issues for 165 DoD activities that were not receiving coverage from one of the Military Departments' Inspectors General

Mr Chairman and members of the Committee, we hope that Congress enacts the President's Budget so that sequestration will not be necessary and the attendant adverse impact on the Inspector General can be avoided

Our potential savings in fiscal year (FY) 1985 of $1 1 billion from audits, $187 million from inspections, and $21 2 million from investigation remedies are almost 24 times more that our FY 1985 budget of $54 7 million

FY 1987 BUDGET REQUEST SUMMARY

Our FY 1987 budget request is $77 3 million, an increase of $9 4 million over the FY 1986 level The increase provides an additional 258 workyears of inspection, investigation, and audit effort with the heaviest emphasis on expanding our ability to deal with procurement fraud The increased workyears will support more intensive audit, investigation, and inspection efforts in the acquisition area and other potentially high dollar loss areas such as the control of property We plan to increase the number of audit teams by 12, six of which are in the acquisition, procurement, and contract audit divisions We will also round out some audit teams that are understaffed Four additional investigative offices deferred in FY 1986 will be opened, continuing our efforts to bring our investigators closer to the high risk areas We will continue the Special Inquiries services that we provide to the Secretary of Defense and the members of Congress

ACCOMPLISHMENTS OF THE INSPECTOR GENERAL

From September of 1982, when the Inspector General (IG) was established, through the end of FY 1985, we have completed 435 audits with potential benefits of over $3 billion The majority of these savings are in the areas of procurement, contract administration, supply, and communications

An effective audit follow up program has made a real difference in the actual return on our investment in auditors We have performed follow-up on over 4,129 agreed-upon recommendations. Implementing actions have been completed on 3,178 of those recommendations, with estimated savings and cost avoidances of $3.1 billion. The IG also began the first systematic program of following up on General Accounting Office reports, and the results have been $6.5 billion in savings or cost avoidances that might never have been made.

Between FY 1983 and FY 1985, the IG has referred nearly 500 cases to the Justice Department. We have obtained 274 indictments, 207 convictions. DoD has made 225 suspensions, and 368 debarments. As a result of our investigations, the Government has received $34.1 million in fines, penalties, and recoveries.

Many important aspects of our investigative operations are not quantifiable. These include identifying areas of vulnerability in DoD activities through fraud prevention surveys and ensuring that corrective actions are taken when deficiencies are detected. Last year we conducted 40 of those fraud prevention surveys. We also conduct an aggressive fraud awareness program and have briefed over 23,000 DoD auditors, contracting officials, and others to make them more sensitive. A valuable by-product of the investigative activities is the deterrent effect resulting from an awareness that violations of the law are being vigorously pursued.

In addition, the IG is responsible for the DoD Hotline, an important avenue for military and civilian personnel to report instances of fraud or mismanagement. The quality of complaints we receive has improved, and hundreds of actions have been taken by auditors, inspectors, and investigators as a result of the over 21,000 calls and letters received since 1982. We received over 8,900 calls and letters in 1985 alone.

In fiscal year 1985, the inspections division shifted to a functional inspection approach to identify systemic problems. In FY 1985, 10 comprehensive and systemic inspections were conducted, involving 306 locations around the world. This effort included three major activities of the Defense Logistics Agency (DLA) as well as two major functional areas. In addition, five Defense Agencies were examined, encompassing 112 separate locations. We also opened 208 Special Inquiry cases and closed 239. Special Inquiries are sensitive inquiries into allegations made to the Hotline or arising from requests from the Secretary of Defense or members of Congress. Many inquiries involve high ranking military and civilian personnel.

IMPACT OF BUDGET CUTS IN FY 1986

Mr Chairman, while I believe our accomplishments to date have been significant, I can assure you that we are just beginning to make our presence felt. Individuals and organizations, both internal and external to the Department of Defense, now realize that the IG is a force to be dealt with and that the risks involved in overcharging, cheating, or mismanaging the Department of Defense have increased substantially. The committee's support has been steadfast and has borne the results you anticipated when you helped to enact the Defense IG Legislation.

However, there is a dark cloud on the horizon. Our FY 1986 budget, pressured by an enormous increase in workload, is further constrained due to Gramm-Rudman-Hollings. Additional cuts in FY 1987 threaten our substantial progress. I would like to review some of the ground that has been lost due to the FY 1986 cuts we have already taken. In FY 1987 we must recoup those losses and get back on the path toward progress. I should note that Mr. Sherick has asked the Secretary of Defense to approve the reprogramming of $4.2 million in FY 1986 primarily to support our contract fraud caseload which increased 46 percent in the past year.

WORKLOAD INCREASE

During FY 1985, we experienced a significant increase in our workload. The demands for our services exceeded our resources. We are performing more audits, more investigations, and more inspections within our existing personnel authorization--and we receive many requests from inside and outside the department and our cases are more complex than ever. We have a greater criminal investigation caseload due to a huge increase in DCAA referrals, Hotline referrals, and increased proactive activities. These increases meant that our FY 1986 budget was dramatically under-resourced even before Gramm-Rudman-Hollings. We estimated that we were 213 workyears behind the demand curve. Then, this problem was compounded by a cut of $3.325 million to meet the Gramm-Rudman-Hollings sequestration. Absorbing a cut of that amount required a reduction of about 40 planned workyears as well as a 20 percent cut in travel.

Caseload in the investigative field is increasing to a point where successful prosecution of the case may be jeopardized. A recent analysis of cost mischarging/defective pricing cases revealed that the most serious problem in bringing them to resolution was a lack of investigative resources We have 149 such mischarging cases at the present time; 68 of these involve 30 of DoD's top 100 contractors. The initial monetary loss computation in these cases is conservatively estimated at more than $450 million The average investigative workload of each field working agent is 5.21 cases Given the complex nature of our case inventory, that is far greater than it should be Major cases will have to be deferred or referred to military or other Federal agencies which may have less experience in procurement fraud investigations. Since the Gramm-Rudman-Hollings cuts, 40 such cases have been referred including those involving several of the top 100 defense contractors

NEED FOR CONTINUED GROWTH

We have been hampered in FY 1986, but we can solve the problem with our FY 1987 budget Mr Chairman, resources given to the IG will pay dividends far beyond the investment. In FY 1985, our criminal investigative service was responsible for 153 indictments or 51 percent of all individuals or corporations indicted by the Justice Department based on referrals from DoD investigative components IG criminal investigators were responsible for $21.15 million in recoveries, fines, penalties, or restitutions This was accomplished with only four percent of the DoD total investigative resources. FY 1986 promises even greater results with 97 indictments in the first 5 months and $24.375 million in recoveries, fines, penalities, and restitutions.

Our auditors produce just as impressively In FY 1985, 60 audit teams identified potential audit savings of $1.1 billion. From 1982 to 1985, the IG audit workforce, which contains only 10 percent of the DoD internal audit capacity, accounted for more than half of the actual DoD savings produced by internal audits Further, 57 percent of our auditor's savings are from improvements in the acquisition area--an area of high priority for us and of great interest to Congress

Since FY 1984, when the IG revamped and expanded its entire inspection process, the potential savings identified by our inspectors is $186.95 million. That figure does not include a number of pending inspection reports or your Congressional budget reductions based on IG inspection findings, such as the $10 million reduction for

DoD audiovisual activities or the $10 million for unnecessary management overhead in DoD's Dependents Schools system.

Mr Chairman, I have already discussed the resources in our FY 1987 request. Now I would like to explain the impact of holding the Inspector General to its current levels and denying our requested growth. As you are well aware, Mr Chairman, our most important resource is our people and the support they require to do their job. Without the additional people and support costs, we cannot do the job you expect and that DoD requires.

IMPACT ON PEOPLE

Audit: Our audit teams are currently operating in an understrength status. Without the increase in audit workyears requested in FY 1987, this condition will become a permanent handicap. We will not be able to add the 12 teams we had been projecting, and at least 24 new projects proposed to start in FY 1987 will not be initiated. These include audits of Preaward Surveys at Defense Logistics Agency, Value Added By Prime Contractors in Sole Source Procurement of Replenishment Spares, Small Business Set-Asides, Foreign Military Sales, Fighter Aircraft Flying Hours Programs, Contracts for ADP Equipment and Software, and the Management of Petroleum Resources in Europe.

We simply must protect the staffing levels in our procurement audit teams and, if cuts are made, personnel and some functional responsibilities will have to be shifted to accomplish that goal. The inevitable result of this tactic will be a short-changing of our audits in Operations, Logistics, Intelligence, Communications, Financial and Manpower areas, which are certainly not inconsequential areas.

Cut-backs will also have a long term effect on the training and professional growth of the audit staff. It takes several years to train and qualify auditors to do the highly technical acquisition audits we are doing. Without the ability to bring in new audit staff and provide them with increasingly difficult audit assignments, we can find ourselves without the audit talent necessary to get this challenging job done.

Investigation: At the close of FY 1985, we had 656 pending criminal investigations, of which 276 are considered to be significant. Our inventory after five months in FY 1986 is 814 open investigations, an increase of 24 percent. The IG investigative caseload in contract fraud has increased some 46 percent over the past year. More importantly, it includes the149 cost mischarging/defective pricing cases previously mentioned. The IG also has 162 product substitution cases, some involving defective products in weapon systems, many of which bear on the health and safety of our uniformed personnel.

Without additional resources, essential senior investigative positions will not be filled, and four proposed offices will not be opened. This will prevent expansion of our investigative coverage. As stated before, 40 procurement fraud cases have already been referred to other agencies. Continued referrals, as well as deferrals and premature closing of cases, are inevitable without additional resources.

The proper investigation of many cost mischarging and defective pricing cases requires a task force approach involving DCAA auditors and a number of criminal investigators. We have only been able to use this approach in a small number of cases. More frequently, a single agent has to deal with a cost mischarging investigation as well as several other investigations. For example, our Hartford office has five cost mischarging cases involving 4 of the top 100 Defense contractors, plus15 other cases. There are only three agents in the office. The situation is further exacerbated by the supervisor's involvement in a major grand jury effort.

Inspection: Without added workyears for our inspectors, we will have to abandon our three-year cycle approach to inspecting Defense Logistics Agency functional activities and inspect much less frequently. The number of other DoD activities identified for inspections has grown from 40 last year to 165 this year. This figure continues to grow as we further refine the inspection universe. The Defense Supply Services-Washington (DSS-W) and the $10 billion Military Construction Program are two high priority areas, with significant potential savings, that will have to be deferred to FY 1988. Three other systemic inspections, also representing high dollar and high visibility program areas, will be deferred. The cost of these inspections would be extremely low when compared to the prospective savings.

IMPACT ON TRAVEL

A reduction in travel capability will have an inevitable adverse impact on our ability to use proper statistical sampling in our audits and inspections. Lack of travel funds will reduce the population of our sample and increase the margin of error.

More significantly, if we lack statistically sound data on the DoD-wide impact of the problems we uncover, we cannot make convincing arguments to the top level Department of Defense managers about the true scope of the problem. Without a sound statistical sample, we do not know if we have an isolated "horror story" or a fundamental systemic weakness.

My 426 auditors may be required to visit any of 1400 military installations in the continental United States and any of about 400 prime contractor locations. We are finding more and more instances where we need to look at subcontractor activities to get an accurate audit assessment. We need to be able to travel to these locations to do the audit work. Another example is our recently completed audit of the DoD Should-Cost Program. Here auditors needed to visit 40 activities located in over 19 cities outside the Washington, D. C. area in order to provide DoD management with results that were representative of conditions acrosss the Department. This audit alone required $63,000 in travel funds in a one-year period.

With our criminal investigative field offices already constrained due to manpower cuts, adequate travel funds become a necesssity. To give you an example, our investigative agents in the Chicago Field Office cover an 11-state area from Illinois to Wyoming and south through Kansas. This offices has 18 case agents.

IMPACT ON TRAINING AND OTHER AREAS

We are making a concerted effort to build our workforce by bringing lower graded people into the IG and training them, using formal and on-the-job training. We feel this procedure will best ensure a continual source of qualified personnel who have both experience and an organizational identification. That effort is suffering and, without the relief contained in the FY 1987 budget request, will have to be foregone temporarily. We will have to continue to hire experienced personnel at higher grade levels rather than hire lower graded personnel we can train and develop. We also foresee an inability to recertify certain skills and a problem maintaining the skill inventory necessary to meet changing job requirements. Specific skills, like microcomputer training, cannot be neglected without seriously affecting the productivity of our audit, inspection, and investigation personnel. We need to be able to keep up with the state-of- the-art to function properly in today's high tech world. Auditors and inspectors need to be expert in the use of ADP technologies if they are to be effective in ferreting out white collar crime. We need this type of training.

CLOSING STATEMENT

Mr. Chairman, I well recognize the need for fiscal restraint and the seriousness of the deficit. I reviewed the impact of the FY 1986 cuts, not to ask relief from them, but to show the serious consequences of halting the progress that has been made in combatting fraud, waste, abuse, and mismanagement. The IG is now a force to be reckoned with in the Defense community. The cheaters, and those who might be tempted to cheat, know we are there. To lose ground now would send the wrong message to them. I urge your full support of our FY 1987 budget request.

Mr. Chairman, that completes my prepared statement. I will be happy to answer any questions you might have.

CONTRACTOR COMPLAINTS

Mr. MURTHA. One of the complaints we get here from contractors is they say they get audited so often by so many different agencies that they have to allocate so many administrative personnel that it really is hidden in the contract and would really cost more money.

How do you respond to this complaint?

Mr. VANDER SCHAAF. I heard that complaint very loudly and very clearly last year from the Chairman of the Board of Lockheed Corporation and the Chairman of the Board of Martin-Marietta Corporation. They testified before Senator Quayle's new subcommittee that they were being audited tc death. We checked to find out how much they were being audited and found that the two companies together were presenting about $20 billion in contract proposals and doing $8 billion worth of work with the Federal Government.

The Defense Contract Audit Agency had roughly 75 auditors at one Lockhead plant and about 60 auditors at the Martin-Marietta, Orlando facilities, I know where every one of my auditors go and the Army and Navy and Air Force know where theirs are. We checked it all and found we had spent about 2 man-years in Martin-Marietta and Lockheed at the facilities that the chairman was complaining about.

Mr. MURTHA. The complete picture from all the agencies?

Mr. VANDER SCHAAF. I am talking about the IG auditors so far. I want to get to the point on definitions. In the end you are going to find me pretty much agreeing to some extent with your statement, but the problem is not auditors. We did work and found we had about 2 man years of audit time in those facilities exclusive the DCAA, which has been there for 25 years.

We asked what is going on, if they are complaining about this? Then we started to do more work and went to the facilities and performed an audit. We found, yes, there are all kinds of government employees going there, some for good reasons, some for questionable reasons, some for not so good reasons. But the industry people refer to all those individuals who come out of buying commands, program offices, and budget offices, as auditors and they are not auditors.

I had an opportunity to see a listing of visits to a Hughes facility, in the Los Angles area. There were 7,000 individuals registered to visit these facilities. We went through and looked at it. About 2,000 people visiting these facilities in that area were government employees. There wasn't a single auditor on that list.

So the statement that the industry is making that they are probably——

Mr. MURTHA. Go over that again. There were 2,000——

Mr. VANDER SCHAAF. There were approximately 2,000 DoD employees on that list of 7,000 people visiting the facilities.

Mr. MURTHA. You mean business visits?

Mr. VANDER SCHAAF Well, for all reasons. They signed a log at the front door of that plant and had to visit somebody and put down the reason why they visited someone in the plant. In the process of doing that——

Mr. MURTHA. How much business was there in the plant?

Mr. **Vander Schaaf**. I don't know what the business basis is.

Mr. **Murtha**. How many employees?

Mr. **Vander Schaaf**. I couldn't answer that, how many employees Hughes had in those facilities. I don't know. I can find out.

[The information follows:]

Huges Aircraft Company has about 75,000 employees in the Los Angeles area. About 84 percent of Hughes' annual sales are with the Government.

Mr. **Vander Schaaf**. It looks like there are a lot of people going to a lot of places. Part of the problem is that we don't rely upon the administrative contracting officer and his staff who are already in the plant. Everybody wanted to get his own data without visiting the Administrative Contracting Officer. In some cases we have a service plant representative office at these facilities.

Mr. **Murtha**. Do we pay for travel for these 2,000 people?

Mr. **Vander Schaaf**. Yes. That is of concern.

Mr. **Murtha**. So you got not only the manpower that has to take care of the 2000 visits, you have the travel expense of the 2000 people going there. I can see why they complain about it.

Mr. **McDade**. Yes.

Mr. **Murtha**. What do you suggest?

Mr. **Vander Schaaf**. We have written a report. Deputy Secretary Taft had a meeting of the Defense Council on Integrity and Management Improvement where I discussed this in much more detail with him and the other senior managers of the Department. They agree we have to rely upon our administrative contracting people that are assigned to that facility to get the information we need in order to conduct business with the contractors.

We don't need to have everybody going in and out of that facility who can find some reason for going to the West Coast, in this particular instance I am reciting to you. It is not significantly different than some others we have found.

Yes, the answer is that when the Defense Logistics Agency administers a contract for one of the military departments, the departments have to rely upon DLA to do a good job. They cannot simply say well DLA is there but I am going in and check on everything myself.

Mr. **Murtha**. So the bottom line is you don't think there are too many audits but you agree with them that there are too many visits from government officials.

Mr. **Vander Schaaf**. There appear to be too many. We have not audited the nature of the visits and if you asked the individuals who made the visits, sir, they would say that the visit was justified. But when we look at gross totals we have to start asking some questions.

Mr. **Murtha**. The gentleman from Pennsylvania.

AREAS OF AUDIT EMPHASIS

Mr. **McDade**. Thank you, Mr. Chairman.

Is there any area that is more susceptible than others in trying to deal with fraud and things of that nature? Any choke points or anything?

Mr. **Vander Schaaf**. I think our biggest problem is in property accountability and the means used to keep track of what the government owns and making sure the government keeps what it owns and buys. Without a doubt in my mind, this is the biggest single, fraud, waste and abuse problem. Our financial records seem to be good. It is the property accountability records that are the problem.

Mr. McDade. What is happening there?

Mr. Vander Schaaf. Things don't seem to work in that area as they should. I am talking about moving things from our depots to property disposal. From there it gets back to the supply system. I would say of all the problems we have seen so far, the one we have had the most trouble dealing with is that one.

Spare parts was a significant problem early on. I think we have made some real progress in that area.

Mr. McDade. Is there any recommendation you would have as to how to help cure the problem?

Mr. Vander Schaaf. I don't have one yet, Mr. McDade. I just wish I knew.

One is good, better internal controls and people paying more attention to detail. You have read in the newspapers about the Iranians taking parts for F-14 aircraft, and those kinds of things. Property accountability that is a very tough nut to crack. It has been with us a long time.

Mr. McDade. Well, we know you will keep working on it. We will work with you.

Mr. Vander Schaaf. We will keep trying. We are working very hard on that one.

Mr. McDade. Thank you, Mr. Chairman.

Mr. Murtha. The gentleman from Ohio.

Mr. Miller. I would feel a little more comfortable if you were over on this side, Derek. Of course I'm not implying that you aren't doing a good job in your new position, but we had grown accustomed to having you working with the Committee and we miss having you on this side of the table.

Mr. Vander Schaaf. Thank you, Mr. Miller, I appreciate that.

CONTRACT FRAUD CASELOAD

Mr. Miller. You have stated that the contract fraud caseload increased 46 percent in the past year. Can you tell us why?

Mr. Vander Schaaf. Primarily because we made the DCAA auditors more alert. Their level of awareness has risen substantially. I will provide the exact number of fraud referrals from DCAA to investigative agencies for the record. If you go back to 1982 they had a few dozen referrals to criminal investigative activity a year.

[The information follows:]

The number of Defense Contract Audit Agency fraud referrals for the past five fiscal years follows:

Fiscal year:	*Number of referrals*
1981	26
1982	39
1983	60
1984	125
1985	154
Total referrals	404

Mr **Vander Schaaf** Last year they have over 150 referrals.

So these auditors woke up at the switch with respect to some of this, and that is why you see that tremendous increase in criminal referrals. That is why two years ago when I was here trying to justify my budget, I said I thought the IG office ought to top out at 1100 people. I remember Mr. Edwards asked me that question. I had no idea that our caseload would grow to the extent it has since then.

Mr. **Miller**. Did the caseload grow because of the type of contracts that are being allocated now instead of a few years ago? Or is there just plain more fraud? There must be some reason for it.

Mr. **Vander Schaaf**. Sir, I don't think there is any more fraud. A lot of the cases we are seeing now took place a number of years ago. Many times they took place two, three, or four years ago. They are identified through some audit activity or someone calling our hotline, a disgruntled employee as the case may be.

But there is probably less of it taking place now. That is the important thing. Our being there has caused these numbers to go up. Hopefully if we are doing our job and preventing this in the first place, these numbers have to start coming down pretty soon.

DOCUMENTED IG SAVINGS

Mr. **Miller**. Tell me about the $1.1 billion that you have been able to recoup. Where does that money go? Does that go back to the U.S. Treasury?

Mr. **Vander Schaaf**. No.

Mr. **Miller**. Does it go back to fund DoD?

Mr. **Vander Schaaf**. A lot of that money is savings in the form of coast avoidances. In other words, we identify a problem to management, management agrees and says look, you are right we don't have to buy that this year or there is a cheaper supplier or we don't have to perform this function. Managers, like most activities in the Department, have a lot of other needs for that money.

They will find another need for it, and hopefully the function they are putting the money in is more justifiable than the function for which our auditors or inspectors found we didn't have to spend the money. Now it gets spent correctly.

In some cases, it gets taken out in budget reviews in the Department. In a couple of cases last year, this Committee took out money. I know you made a direct reduction in the Audio-Visual Agency based on a report we did. You made another one in the Dependent School Systems based on an inspection we performed.

In fact, I calculated $500,000 in savings for both those inspections. I think, for each of them this subcommittee reduced each of them by $10 million.

Mr. **Miller**. I guess——

Mr. **Vander Schaaf**. You hit us a little hard, I will tell you that.

Mr. **Miller**. Well, you left us. It still doesn't answer where the money goes when you do recoup the dollars. Do the dollars go in the Treasury General Fund or to DoD?

Mr. **Vander Schaaf**. Some never get appropriated. Some of the funds are used for high priority activities.

Mr. **Miller**. Okay.

Mr. **Vander Schaaf**. Much of it is never included in the budget: it is never requested, and therefore is never appropriated. Some of it is requested and you take it out up here and it doesn't get appropriated.

Mr. **Miller**. But of that which is recouped and goes to higher priorities, you do not mean within the company that had the contract in the beginning?

Mr. **Vander Schaaf**. Oh, no.

Mr. **Miller**. They would not need to buy a certain thing so—

Mr. **Vander Schaaf**. No, if we recommend a contract be terminated because of fraud or because it is overpriced or for some other reason, we are not going to go back and do business with that same company again.

COMPETITION FOR AUDITOR INSPECTOR POSITIONS

Mr. **Miller**. We had the Director of the Defense Contract Audit Agency, Mr. Reed, testifying right before you.

I understand that you people are competing with the Director of the Defense Contract Audit Agency for personnel.

Mr. **Vander Schaaf**. Yes.

Mr. **Miller**. Can you give us a little background as to where we stand right now? Are we running the price up on what we are paying? I have a couple different ways of looking at that. One, that we are not paying enough and that is why it is hard to get the people that you would need, and the other is the possibility of running the price up because you are both competing for the same people.

Mr. **Vander Schaaf**. I don't think we run the price up, you don't have to worry about that because the grade levels have been set in law, and it is pretty hard to run it up. I have to be very frank and admit to you we have had a lot of trouble hiring the kinds and numbers of qualified auditors that we want to hire for the past two or three years. We are still having those difficulties.

This Committee helped us in addressing this issue last year by asking OPM to let us hire people either on a direct hire basis or continue with our special examining units so we could select the people and not wait for the process to go through OPM.

Well, they didn't pay a lot of attention to your instructions in your report last year. I might add, Mr. Miller, they went right ahead and took back our ability to examine these people on our own. We are still going to have difficulties recruiting qualified auditors.

Mr. **Murtha**. We put that in the report or in the law?

Mr. **Vander Schaaf**. It was in the report.

Mr. **Murtha**. We may have to put it in the law this year.

AUDITOR RECRUITING PROBLEMS

Mr. **Vander Schaaf**. I don't have many auditors in that 258 man year increase that we have in the budget. I only have about 50 auditors in there. Most are criminal investigators because of the difficulty in recruiting auditors. It is a problem.

I can tell you, we have had people on the West Coast looking at DCAA facilities. The contractors are hiring auditors away just as fast as we can get them trained and on station because the contractors know we are out there looking at them, and they are trying to get their house in order and they are trying to hire good audit help to do it.

AUDITING CONTRACTS IN FOREIGN COUNTRIES

Mr. MILLER. Much to my disappointment we have contracts with French and British companies and in a number of other countries. Do you have auditors in those countries?

Mr. VANDER SCHAAF. No. The Defense Contract Audit Agency does. I have auditors in Europe. We do not have access, however, in terms of getting into other companies' plants overseas. There is an audit access clause in some of those contracts but DCAA usually carries those out. We would work with a foreign police force if we had reason to believe there was fraudulent activity taking place.

We do have criminal investigators overseas in Europe. We don't have any in Japan. We have them in Hawaii and Korea, however.

Mr. MILLER. But you don't have the freedom to audit the books of an overseas contractor, is that correct?

Mr. VANDER SCHAAF. That is correct.

We do not have jurisdiction there, sir.

Mr. MILLER. Maybe we need to—I am not sure we can change the law and give you that authority.

Mr. VANDER SCHAAF. I don't think the United States Congress can do anything for us there.

Mr. MILLER. I don't think that can be done, either. It certainly seems unfair. We have our own contractors in this country that are audited, yet here an overseas contractor is left wide open to do whatever he wants, and there is a chance for fraud all the time then.

Do they have their own audit system?

Mr. VANDER SCHAAF. I think it varies by country.

For example, when some foreign countries buy from the United States they pay an administrative fee, and it is added to the bill. They get the full administrative coverage that is included with the U.S. purchase of the product.

For example, the DCAA has a large number of auditors in Saudi Arabia, which buys a lot of products from U.S. manufacturers. They audit the U.S. manufacturer here. If the product is a military construction product in Saudi Arabia, we provide audit support to look at the U.S. contractor to make sure he builds and the Saudi Arabians get what they pay for.

That is the opposite side of the question you asked.

Mr. MILLER. Right, that is the opposite side, but still the Americans get hit with a double whammy.

Thank you, Mr. Chairman.

Mr. MURTHA. Thank you, Mr. Vander Schaaf.

The gentleman from Florida.

Mr. **Chappell**. Mr. Vander Schaaf, do you have any recommendations like you used to make where we will be able to cut?

Mr. **Vander Schaaf**. Well———

Mr. **Chappell**. You did that before.

Mr. **Vander Schaaf**. Our audit reports offer a good number of them. A lot of them, fortunately I am doing my best to be sure we take those out of the budget before it gets to Congress. We don't get them all, but we get some of them.

Mr. **Chappell**. Do you have some suggestions on where we can cut in the Inspector General's office?

Mr. **Vander Schaaf**. No, I wouldn't recommend any cuts in the IG office. As I just told Mr. Murtha, we are more than paying our own way, we are paying our own way about 24 times over.

Mr. **Murtha**. We appreciate your work, Derek. We appreciate your dedication and the money that you save. Thank you very much.

Mr. **Vander Schaaf**. Thank you.

Mr. **Miller**. Mr. Chairman, I have one more question that I would like to follow through with.

Mr. **Murtha**. Mr. Miller.

FOREIGN CONTRACTS AUDIT ACCESS CLAUSES

Mr. **Miller**. When it comes to the audit of an overseas contractor, maybe there is something that the Congress can do because if the overseas contractor wants the business, we could have in that contract the right for you to audit the books.

Mr. **Vander Schaaf**. That is right. In some of those contracts there is such an audit access clause. I don't know if it is in all of them. Let me research that, and provide that for the record.

Mr. **Miller**. If you would, I would appreciate it very much, because I am sure that we would take whatever action is necessary so you would have the opportunity to audit, because without auditing we don't know whether they are getting away with anything or stealing the store.

Mr. **Vander Schaaf**. We don't know what their overhead loadings are, whether we are paying more than our fair share. If it is a real competitive contract we probably shouldn't be, but it is worth looking into.

[The information follows:]

The Department of Defense inserts the same access to records and the same audit clauses in the contracts of both domestic and foreign firms.

Mr. **Chappell**. Mr. Vander Schaaf, we appreciate your work.

Mr. **Miller**. Could you give us some recommended language.

Mr. **Vander Schaaf**. Yes.

[The information follows:]

Yes I will be able to do that after we perform a review of these contracts awarded to foreign governments. I learned after the hearing that while there is considerable concern that foreign contractors do not receive the same high level of audit coverage domestic producers receive, there is little or no data to support such a conclusion. Thus, it will be necessary for us to go through a data gathering phase prior to suggesting any specific legislative action.

Mr. **Miller**. Could we include it in the public law, or the report, so you would be able to audit those overseas contractors.

Mr. **Vander Schaaf**. I will do that.

[The information follows:]

It would be premature for me to do that until we have completed our review of contracts awarded under the current law. At that time I will be glad to provide you with any changes to the law I feel are necessary.

Mr. **Miller**. Thank you.

(**Clerk's note**.—The Department was unable to provide a response in time to be printed in this hearing volume.)

Mr. **Chappell**. We want to commend you for your very fine work. It is a pleasure to have you back over with us. Come on over and see your old friends anytime.

Mr. **Vander Schaaf**. We will try to get over here.

Mr. **Chappell**. You can come over and see us.

Mr. **Vander Schaaf**. I appreciate that. We in the Department appreciate all the help you have given the Department over the years, Mr. Chappell. It is well recognized within that building over there, believe me.

Mr. **Chappell**. Thank you very much.

Any other questions? If not, we will place the balance of the questions in the Record.

Thank you, sir.

[**Clerk's note**—Questions submitted for the record and the answers thereto follow:]

ALLOCATION OF RESOURCES

Question. There have been complaints reported in the press concerning the potential number of different organizations performing audits and investigations of the same defense contractors or issues. Tell the Committee how you allocate your resources and what efforts are made to coordinate with other defense audit and investigations to minimize duplication of effort.

Also, at some point the additional cost to the government for audits and investigations and to a contractor to comply with multiple auditor and investigator requests will approach potential savings due to findings and recommendations. Are we getting close to that point.

Answer. Is there duplication by DoD activities in the oversight of contractors' operations? The answer to that question is yes. Is this because there are too many DoD auditors? The answer to this question is no. The real issues are not audit coordination and numbers of auditors, but the coordination of all DoD organizations involved in contractor oversight activities. Defense organizations other than DoD audit organizations are involved in such oversight activities. These include contract administration, procurement, program management, inspection and investigation organizations.

Since 1980 the Defense budget has increased by about 120 percent. During this same period the number of Defense internal and contract auditors has increased by about 20 percent. In FY 1985, Defense internal and contract auditors reported potential audit savings or cost avoidances amounting to $10 billion or $34 of savings for each dollar of operating costs for these audit organizations. Of this amount, $8.1 billion applied to the work of the Defense Contract Audit Agency.

Many defense contractor officials have labeled any review of their operations by DoD personnel to constitute an "audit." This is so whether the individuals involved are auditors or other DoD personnel, such as contract administrators, program office personnel production specialist, budget analyst, health and safety personnel procurement officials, etc. We recently obtained a listing of DoD personnel cleared to visit a major Defense contractor. The listing contained 1,900 individuals and not one of these was a Defense auditor. The Chairman of another major Defense contractor recently stated that his company had 52,000 DoD visitors in the last year that conducted 6,000 audits. Discussions with a senior official from this company disclosed that the Chairman had really meant to say "6,000 oversight reviews."

Last year in testimony before a congressional subcommittee, the Chairman of two major Defense contractors complained of "duplicative and excessive auditings" by DoD. These two contractors had a combined annual sales to DoD of $8.8 billion. The Inspector General directed an investigation of these allegations. This investigations disclosed no evidence of duplication between DoD audit organizations. The DoD internal audit organizations expended less than 2 auditor-years on reviews involving these two contractors. The Defense Contract Audit Agency examined during one year about $20 billion in contract costs for these two contractors and questioned cost of about $2.2 billion.

The investigation by the Office of the Inspector General did disclose evidence of duplication between various DoD oversight organizations. They reviewed 25 cases of potential duplication identified by the two contractors and concluded that sufficient evidence of duplication was present in 14 cases. These 14 cases involved 13 DoD audit, contract administration and procurement organizations; the General Accounting Office; and a prime contractor. The four systemic conditions contributing to these duplicative reviews included (1) poor advance planning and coordination; (2) lack of clear definition of the responsibilities of various oversight organizations; (3) reluctance to place reliance upon the work of other oversight organizations; and (4) inadequate controls over the access to contractors' records by external oversight organizations. A copy of the report on this investigation is attached to this response.

In summary, based on the growth in Defense budgets and dollar return of audits, a strong case can be made that DoD does not have sufficient numbers of auditors. The FY 1987 budget requests of the Office of the Inspector General and Defense Contract Audit Agency provide for additional audit resources. But actions are needed to eliminate the duplication of effort between DoD contract oversight organizations. Secretary Weinberger has directed his Deputy to address this issue and appropriate actions are underway to eliminate such duplication in the acquisition process.

[CLERK'S NOTE.—The report mentioned was received and is on file with the Committee.]

EFFECT OF GRAMM-RUDMAN-HOLLINGS REDUCTION

Question. Seventy-two percent of the 1986 expenses of the Office of the Inspector General are for personnel compensation, which greatly limits your flexibility when applying across the board reductions such as those mandated by the Balanced Budget and Deficit Reduction Act. What was the amount of your reduction?

Answer. The FY 1986 budget for the Inspector General was cut by $3.325 million as part of Department of Defense reduction mandated by the Balanced Budget and Deficit Reduction Act.

Question. Precisely how did you apply your Gramm-Rudman-Hollings reduction?

Answer. As you correctly point out, our flexibility is very limited. The Inspector General is a labor intensive organization with 72 percent of its budget for personnel and another 10 percent for travel. That leaves only 18 percent of the budget, about $12.2 million in FY 1986, to absorb any reduction without cutting people. Since that part of the budget also pays for the rent, the heat, the telephone, the training and a variety of other things, it means that personnel must be cut. We had to reduce our planned efforts by about 40 workyears to meet the Gramm-Rudman-Hollings requirements. We also cut travel by 20 percent, and reduced training, supplies, overtime, etc.

Question. Will you be able to avoid any furloughs in order to achieve your reduction?

Answer. At this point, we do not anticipate any furloughs to achieve the FY 1986 reduction.

STAFFING INCREASE

Question. The vast majority of the 1987 increase ($8,212,000) in the Office of the IG is for 258 additional workyears. Please explain how you allocated the additional workyears among the audit, investigative, inspections and support activities.

Answer. The allocation decision is based on workload and priority factors. During the spring planning and programming activity prior to the budget development, each activity presents a list of projects that are combined into the IG Plan. This plan, plus current conditions, allows the Inspector General to allocate resources into the various activity areas. The FY 1987 workyear increase is predominantly in the investigative area. Of the 258 workyears, 106 are for more criminal investigators, with a heavy concentration of those workyears in procurement fraud investigation. These workyears will support investigations into cost mischarging, greater Defense Logistics Agency (DLA) support and an increased number of covert or "sting" activities. The audit growth, 54 workyears, will allow us to field 12 new audit teams with half of those teams going to our acquisition, procurement and contract audit divisions. Inspection activities receive 58 workyears to expand the systemic inspections at DLA and DLA activities and increase the support in Special Inquiries work generated by members of Congress and the Secretary of Defense. We also are increasing our administrative support area by 40 workyears. The added personnel will staff a Personnel and Security Division and provide administrative support in areas such as procurement and contracting, records management, space management and the other support activities. The growth of the agency, consolidation into a single location and transition to administrative self-sufficiency make this allocation necessary.

Question. What lapse rate did you assume for the additional 1987 end strength?

Answer. The addition of 1,367 workyears and 1,514 end strengths in FY 1987 results in a ten percent lapse rate. The 1,367 workyears is the level of funding given to us in the budget development cycle. We had submitted an additional budget request for FY 1986 and 1987 to close the gap between our requirements and our resources. The FY 1986 request was shifted into FY 1987 but only partially funded. Our past hiring problems and lapse rate led to the decision to fund us at that level. We are confident that we can prove that our hiring problems have been solved, and hope that funding to support the balance of the workyears will be provided.

SHORTFALL IN 1985 STAFFING

Question. In fiscal year 1985 the IG Office also received a significant end strength and workyear increase. Civilian end strength was planned to increase by 181 and civilian workyears by 213. In actual experience, end strength increased only by 102 and workyears increased by only 112. This represents shortfalls of 44 and 47 percent, respectively. Why did you miss your 1985 targets so significantly? What circumstances have changed to make your 1987 forecasts more reliable?

Answer. During fiscal year 1985 personnel and security support were provided to us by Washington Headquarters Services (WHS). We experienced persistent difficulties in the hiring and security clearance process under that arrangement. They simply could not handle the workload in a timely manner. We did fall short of our target in FY 1985, but our actual increase was still 11 percent, a significant growth. The hiring process difficulties, the normal problems of hiring auditors and other factors are the cause of our shortfall.

These difficulties, plus the anticipated growth pattern, led to the establishment of our own Personnel and Security Division. Within the first three months of the security portion of this office becoming operational, the backlog of personnel awaiting security clearance was reduced by 85 percent. We have instituted an open advertisement for auditors and obtained OPM approval to hire investigators through Excepted Service procedures. We now have control of our hiring. In the first six months of this fiscal year, with a partially staffed Personnel Division, we have increased our on-board end strength by 54 and have an additional 214 people in the pipeline waiting for openings or additional funding. We have also instituted personnel processing procedures which target specific career fields and hope, in the near future, to establish an intern program. We feel that our personnel staffing problems are solved. Our problem now is funding to meet our requirements.

IG ROLE IN SUSPENSIONS AND DEBARMENTS

Question. Please explain your role in suspensions and debarments generally, and in particular with personnel contracting with the Defense Logistics Agency.

Answer. The Office of the Inspector General has a number of responsibilities with regard to suspension and debarment. In 1984, the Office of the Inspector General published a full review of the suspension and debarment of the Military Departments and the Defense Logistics Agency (DLA). As a result of this review and the actions taken by the Military Departments and DLA to implement its recommendations, DoD actions are taken in a more timely and efficient manner. In all, DoD suspension and debarment actions have risen by over 700 percent since 1980. The Office of the Inspector General continues to oversee the entire suspension and debarment process and has recently commenced a series of reviews of suspension and debarment activities in those commands located out of the Continental United States.

With regard to the suspension and debarment actions of DLA, the Office of the Inspector General, through the Defense Criminal Investigative Service (DCIS), conducts most of the criminal investigations of DLA activities. The DCIS investigations serve as the basis for the majority of DLA suspension and debarment actions.

SPECIAL EXAMINING UNITS

Question. In May 1985, the Office of Personnel Management announced that it was terminating the Department of Defense authority to use special examining units. The Committee believed this action might aggravate the difficulties the Department has experienced in recruiting and hiring qualified auditors and accountants. Has the OPM action had any noticeable or quantifiable effect upon the Department's hiring capabilities?

Answer. The jury is still out on the effect of the loss of the Department of Defense special examining units (SEUs). The SEUs were disestablished on September 30, 1985; and applicant registers maintained by those agencies were discontinued. Since that date, agencies have had to rely on the central register maintained by the Office of Personnel Management (OPM) which now issues all certificates of eligibles for auditors and accountants.

There are two factors affecting our experience in hiring entry level personnel which make an assessment difficult at present. First, the period between the start of the fiscal year and the present time is not traditionally a heavy recruiting period. Secondly, the cuts mandated by Gramm-Rudman have further clouded the hiring picture and cut down on the number of spaces being filled. As the latter part of the fiscal year approaches and the effect of budget cuts becomes clearer, we will know better the impact of the SEUs' discontinuance. Our indications to date are that the Department's audit agencies are still not satisfied with the overall quality of personnel available on the OPM registers.

On January 29, 1986, the Deputy Inspector General forwarded a report to OPM detailing the results of entry level auditor hiring in the Department over a recent 1-year period and making recommendations for changes in the OPM rating and referral system. The President's Council on Integrity and Efficiency issued a report in October 1985 making other recommendations on the same general subject. Both of these studies highlighted major problems in the use of the OPM rating and referral system. We are continuing to work with the PCIE and OPM to resolve the issues raised in these two reports and other problems associated with improving the hiring process for auditors and accountants.

Finally, the Department of Defense is conducting a study of auditor and accountant employment at the request of the House Appropriations Committee. This study is being compiled by the Office of the Assistant Secretary for Force Management and Personnel; and the Inspector General and the Department's audit agencies are contributing input. An interim report will be submitted on June 20, 1986, with a final report due 6 months later. The study will directly address the Committee's question (as stated above). Upon completion of the study, we will have a clearer picture of the effect of the discontinuance of the SEUs in the Department.

BRIBES OF INSPECTOR GENERAL PERSONNEL

Question. Have you had any instances of DoD investigators accepting bribes or other inducements not to report certain findings or allegations?

Answer. Since the Inspector General Office was created in 1982 there have been no reported instances of attempted bribery or the provision of other inducement to Inspector General personnel.

[CLERK'S NOTE.—End of questions submitted for the record.]

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DEFENSE LOGISTICS AGENCY

INTRODUCTION

Mr. **Chappell**. We are pleased to welcome representatives from the Defense Logistics Agency before the Committee today. The principal witness will be General Donald P. Litke, Deputy Director of the Agency for the past one-and-a-half years. The director for the past two years, General Donald Babers, will retire within a few days after 32 years on active duty.

The total 1987 operations and maintenance request for the Defense Logistics Agency is $1,882,931,000. This is a $66,531,000, or approximately 4 percent, increase above the post sequestration amount for 1986. However, if the change in financing for environmental restoration is taken into account, on a comparable basis the 1987 request is $134,956,000, or 7.7 percent above the current amount available to the DLA.

The DLA performs an impressive array of services with its 51,000 personnel. It administers 450,000 contracts with a face value of $220 billion, receives and ships more than 20 million line items, processes more than 30 million supply requisitions, and receives and disposes of more than 5 million line items annually, among other services.

General, we would be pleased to include your entire statement in the record, and ask you to summarize it.

Summary Statement of General Litke

General **Litke**. Thank you very much, Mr. Chairman, and members of the Committee. It is a real pleasure to represent DLA here today. I have with me Mr. Don Shycoff, Deputy Comptroller, and Mr. Dick Connelly, my Budget Officer.

Mr. **Chappell**. We are glad to have both of you with us.

General **Litke**. I was prepared to summarize but you have just done it for me, sir. The points I wanted to make were that we realize there has been a great deal of criticism recently about DLA from several quarters, and it is our view that the criticism is primarily because of the lack of a total understanding of what it is we do. The sort of indicators that you just recited show that you have an appreciation that we have a substantial impact on the Services.

We in DLA do nothing for ourselves. What we do is in total response to requests from the Services.

As a result, we are asking for the amount of appropriation which you have suggested to allow us to continue that level of effort.

I would like to say up front that we also would like to use this opportunity to talk about our reprogramming request which is included in the 1986 column of the 1987 budget.

We will be coming to you with reprogramming requests totalling $143 million and the Deputy Secretary of Defense has recently submitted the first of these requests which would add $68 million to the account.

These funds are in our judgment absolutely essential if we are to preclude further degradation in the support we provide the military services.

Although we have taken numerous belt-tightening initiatives, we are proceeding to execute in 1986 as if this reprogramming action will be approved.

I recognize that this Committee has made it clear in the past that you frown on this type of approach, but we face the decision of whether or not to provide the necessary support to the Service force levels you have funded or to degrade that support before you have had a chance to express an opinion.

I assure you that if that reprogramming is not forthcoming, we have a workable plan which will allow us to live within existing resources. That is going to be at some substantial degradation to our support to the Services.

I hope that you all agree that we made the right choice thus far.

I think finally I would like to note that as an attachment to my formal statement, there is a chart that shows since 1975 that we have had an increase in workload of nearly 60 percent while our actual work years are essentially the same as they were in 1975, in essence a 60 percent increase in productivity over this period of time.

The request for which we are here today, both for the 1987 budget and for the reprogramming, will allow us to continue that level of support. I am ready to answer your questions, sir.

[The statement of General Litke follows:]

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STATEMENT BY MAJOR GENERAL DONALD P. LITKE, USAF

Mr. Chairman and members of the committee:

I am Major General Donald P. Litke, Deputy Director of the Defense Logistics Agency (DLA). I have with me today Mr. Richard Connelly, our Budget Officer and Mr. Donald Shycoff, our Deputy Comptroller. I am pleased to have the opportunity to appear before you today to discuss DLA's programs and the vital role we play in the readiness of the Armed Services.

Although I realize the primary purpose of this hearing is to discuss our FY 1987 budget of $1,882,900,000, I would like to take this opportunity to request your approval of the reprogramming actions that are reflected in the 1986 column of the 1987 budget. The Deputy Secretary of Defense has recently submitted a prior approval request to you which would add $68 million to this account. Those funds are absolutely essential if we are to preclude further degradation in the support we provide to the military services. I should confess to you that we are proceeding to execute as if the reprogramming action will be approved. I recognize that this committee has made it clear in the past that you frown on this type of approach, but we face the difficult decision of whether or not to provide the necessary support to the force levels you have funded or to degrade that support before you have had a chance to express yourself. I hope you agree with me that we made the right choice. If this reprogramming is not forthcoming we have a plan which will allow us to live within existing resources, although at the expense of readiness. The rest of my statement outlines the degree to which the military services are dependent upon us.

DLA was chartered in 1961 to provide worldwide day to day supply support to the Military Services. It opened its doors for business with 13% fewer people than it had taken the Services to do the job, with annual savings of $30 million. It was felt that greater economies could be realized in establishing one agency. DLA plays a key role in maintaining the readiness of our Armed Forces. Mr. Chairman, we run a large business, and we are trying to do it in a businesslike fashion. Our workload, which has been increasing in recent years, reflects the demands placed on the Agency by its Military Service customers. We:

o Buy, store and issue fuel, food, uniforms and textiles, medical supplies, and more than half the hardware items used by the Armed Forces; about $14 billion in annual procurements. We have achieved significant success from our competition initiatives--pricing revisions, overpricing investigations, and competition breakout. In fiscal year 1985 we realized savings of approximately $125 million from our efforts in these areas. As you know these savings are not reflected in our budget, but in the budgets of our customers, primarily the Services' Operation and Maintenance accounts, in the form of lower standard prices from our stock fund. In FY 1985 over 80% of contractual actions and 90% of our dollars, the best in DOD, were awarded competitively to satisfy these requirements.

o Make annual stock fund sales of nearly $14 billion from an inventory of appoximately $11 billion.

o Receive and ship over 20 million line items annually from our depots.

o Process over 30 million supply requisitions annually.

o Administer approximately 450,000 contracts with a face value of nearly $220 billion.

o Pay nearly 3 million invoices totalling more than $56 billion annually.

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- o Obtain over 99% of the discounts called for under the contracts we pay.

- o Manage the reutilization and sale of surplus property including hazardous materials and waste. This involves the annual receipt and disposal of more than 5 million items.

- o Operate the Federal Catalog System, which provides descriptive and technical information on over five million items to DoD and other users.

- o Maintain a repository of scientific and technical data.

- o Provide numerous other services.

DLA is at the heart of the DoD Logistics System and plays an essential role in readiness. The actions we take at DLA keep our operating forces combat ready in the field.

Recently, I have been concerned about the degradation in our supply support to the Military Services. During the last three years we have experienced an upward trend in procurement administrative leadtime. This is the time it takes from receipt of a purchase request to award of a contract. Awards are not taking place on time. As a result, some material is not available to respond to Service requisitions. This upward trend in leadtime has contributed to a decline in supply availability, which while still the highest in DoD at 89%, is below past performance. In the last two years there has been a drop of over 4% in supply availability, which is the percent of time material is available in the system to fill a requisition.

Some of the increased leadtime is related to management actions to improve the quality of our contracts and to assure price reasonableness. We are requiring our buyers to spend additional time to assure the highest quality of each contract action at the best price. Other contributing factors include the many legislative and regulatory reforms implemented in recent years and, as part of our emphasis on quality, assuring that our contracting personnel have received mandatory training. Nearly 54% of our procurement workforce has less than three years of experience and almost half of our contract administration workforce has less than five years experience. Development of a competent, professional workforce is a high priority at DLA. While increased training reduces productivity in the short term, the development of a well trained workforce inevitably leads to improved performance.

We plan to accommodate a five percent workload increase in FY 1987 with about a two percent increase in people. We have budgeted for a three percent improvement in productivity in both FY 1986 and 1987. Through the creativity and hard work of DLA employees, improvements to business practices, and modernization of facilities and equipment we anticipate significant gains in productivity without corresponding additions to our workforce. Although, I believe we run an efficient business, I also believe we can continue to make improvements.

To achieve additional gains, we will continue to stress improvements in the quality of our workforce. Our future budgets will reflect increases in training. In addition, we will stress modernization of our facilities and improvements in working conditions for our people. I am convinced that we can ammortize the investments we make in our people and facilities over a very short time period. While the Gramm-Rudman reductions have delayed our FY 1986 improvements, I am sure that over the long run our investments will prove to be worthwile.

In its first year DLA managed 1.2 million items; we now manage over 2.5 million, an increase of over 125%. In 1964 the Agency shipped 6.2 million line items, in 1985 it shipped 20.0 million with approximately the same resources. DLA assumed the contract administration function for the majority of Defense Contracts in 1965 with 10% fewer people than it had taken the Services to do

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the job with annual savings of $19 million. The number of contracts administered has almost doubled from FY 1966, the first full year of operation under DLA, to today. Assumption of the Reutilization and Marketing Program in 1973 was done with 24 percent fewer people than had been performing the function in the Services with annual savings of $16 million.

Our FY 1987 O&M estimated workyears of 52,605 are at approximately the same level as FY 1975 despite an increase in workload of about 60% since that time. During that same period the complexity of many of our tasks increased, particularly in the procurement area. We are committed to the same kind of productivity gains in the future, while at the same time maintaining or improving our performance.

I believe our budget reflects the minimum amount necessary to perform the tasks assigned. We are not mistake free and we can do better. Our budget request includes funds to help us improve performance. I hope the Committee will approve our request so we can improve efficiency as well as the readiness of our Armed Forces. I have attached to my statement some additional details on our operations and our budget request. I will be glad to answer any questions you may have.

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DLA Appropriation Summary

($ in Millions)

	FY 1985	Budget FY 1986 1/	Budget FY 1987 1/
Operations and Maintenance	1,644.8	1,899.8	1,882.9
Environmental Restoration, Defense	53.1	(74.0)	(8.5)
Procurement, Defense Agencies	91.4	80.4	125.5
Military Construction	49.7	38.5	60.9
Family Housing	.4	.5	.4
Research, Development, Test, and Evaluation	24.6	31.8	44.6
Stock Fund	130.7	91.7	136.8
Total	1,994.7	2,142.7	2,251.1
Civilian End Strength (Total)	51,571	52,145	53,764
Civilian End Strength (O&M)	49,635	50,028	51,664
Workyears (Total)	52,088	53,573	54,658
Workyears (O&M)	50,295	51,501	52,605

1/ Includes Environmental Restoration

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DEFENSE LOGISTICS AGENCY
CURRENT FY 1986 PLAN
($ Millions)

FY 1986 ESTIMATE IN FY 1987 BUDGET		1889.8
SEQUESTRATION		
ADP & COMMUNICATION	-12.9	
REAL PROPERTY MAINTENANCE	-30.5	
EQUIPMENT/FURNITURE	-40.0	
TOTAL REDUCTIONS		-83.4
FY 1986 ESTIMATE AFTER SEQUESTRATION		1,816.4

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DEFENSE LOGISTICS AGENCY

FY 1987 BUDGET

($ Millions)

FY 1986 BUDGET AFTER SEQUESTRATION	1,816.4
NON LABOR INFLATION	38.1
TRAINING	14.8
LABOR	26.6
ENVIRONMENTAL RESTORATION	-68.6
ADP AND COMMUNICATIONS	23.6
REAL PROPERTY MAINTENANCE	26.6
EQUIPMENT/FURNITURE	8.4
OTHER	-3.0
FY 1987 BUDGET	$1,882.9

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KEY WORKLOAD/PERFORMANCE STATISTICS

- Over 20 Million Items Received and Shipped
- 2.5 Million Items Managed; 55% of DoD's NSNs
- 30 Million Requisitions Processed
- 1.4 Million Contracts Awarded
- 450,000 Contracts Administered
- 2.8 Million Invoices Paid
- $14 Billion in Stock Fund Sales
- 700,000 Weapon Systems Items Managed
- 1040 Weapon Systems Supported
- 80% of Contracts Awarded Competitively
- 89% Supply Availability

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DEFENSE MARKETING AND REUTILIZATION SERVICE

Mr. CHAPPELL. Thank you very much, General.

Last July, based on preliminary findings of the Committee's Surveys and Investigations Staff, Chairman Addabbo wrote to Secretary Weinberger and urged a moratorium be placed on the redistribution of equipment turned into the property disposal activities. The letter confirmed "the moratorium should continue until an inventory is performed by qualified personnel to identify usable equipment erroneously coded as condemned and that the property is then identified to DoD item managers for use in the supply system."

The Department chose not to impose a moratorium at that time, partly because in its view a moratorium would not allow the Department to determine if corrective actions had been implemented and were effective.

General, would you tell the Committee what specific actions the Department—and especially the DLA—have taken to correct abuses in the property disposal system.

General LITKE. Subsequent to that time, moratoriums were declared by the Services, and property accounting was performed by the individual Services who turned those items of excess equipment into the DLA.

We added 30 personnel to our staff last year to look at the coding of that material to assure that it was in fact done correctly, either as scrap or for resale, or was hazardous material or whatever to assure that what we received from the Service was properly coded.

We have done the same this year. We have added a substantial number again to our work force to assure that is happening.

Mr. CHAPPELL. Did the moratorium interfere with your corrective actions?

General LITKE. Not with our corrective action. We saw a substantial decrease in activity in 1985. We had about a 20 percent decrease in turn-ins during the year. That has increased now. we are up about 10 percent, from where we were in 1984, but there are much more stringent controls. I believe that what the Services are turning in is in fact excess property.

We have also changed the procedures to allow Services who, realize after having turned something in, that they need this property to redraw it from us during our screening process. So we think there has been progress made. Obviously there is still a long way to go.

That is a very sizeable part of our business.

Mr. CHAPPELL. Can you point to the specific changes and improvements which you made that are evidence of improvements?

General LITKE. Again, the majority of the improvements were by the Services, the Services who turn that equipment in to us. They have gone through, as a result of their moratorium, a complete screening of all that equipment. When they ended the moratorium, they were much more assured that the equipment that was coming to us should be coming to us.

We on the other side have added numerous spaces to help them do that.

Mr. CHAPPELL. You do screening yourself?

General **Litke**. Yes, sir. We do.

Mr. **Chappell**. As you know, there have been repeated reviews of the property disposal system in recent years, including two by the Committee's S&I staff. The second report found that situations had changed very little in two years since the earlier report.

With all the attention being devoted to these problems, do you still think that the improvements which you have been making are satisfactory for the period of time involved or do you disagree then with the evaluation of the S&I staff?

General **Litke**. I think I would take a little exception to that. There is no question that there have been the horror stories of material getting into property disposal and then getting out into the civilian system or——

Mr. **Chappell**. And you have to buy it back.

General **Litke**. Then we had to buy it back, yes, sir.

As a result of some very specific changes made by the Services, and that is retention of systems-related equipment for life of type, we are not seeing that sort of thing coming into the network.

I think that is the biggest change. Again that is one made by the Department and by the Services, not by us.

NAVY PROPERTY REUTILIZATION BRANCHES

Mr. **Chappell**. Last year's Committee report noted that continued existence of Navy property utilization branches. These operations, which duplicated the DLA property disposal system, ostensibly were supporting the fleet. In fact, very little of the property in these branches was actually being used by the fleet.

The Committee directed the Department of the Navy to abolish the reutilization branches by the end of fiscal year 1986 and furthermore directed the Navy to submit a plan to disestablish the branches to the Committee by March 31, 1986.

The plan has not yet been received.

Do you know the status of these reutilization branches?

General **Litke**. I do not.

Mr. **Chappell**. Has DLA taken any action to assure that excess property in the disposal system is not sent to the Navy's reutilization branch?

General **Litke**. I am not aware that it ever was. As I would understand the situation, material was being sent from Navy activities to Navy reutilization branches rather than going to us.

Mr. **Chappell**. Gentlemen, you might check on that a little bit more and tell us what the situation is. We understand the Navy would get it from property disposal, bring it into the Navy and spin it off to the activity.

General **Litke**. We will submit something for the record, Mr. Chairman.

[The information follows:]

The Property Reutilization Branches are organizational elements of Navy Activities that are authorized requisitioners from the Defense Reutilization and Marketing Service (DRMS). They use their parent activities Unit Identification Code to requisition material from the DRMS. DLA does not have control of items once they are transferred to the Military Services.

The Navy has advised that plans have been formalized to abolish the functions in the Navy Reutilization Branches which duplicate the mission of the DRMOs.

ACCEPTANCE OF MATERIAL BY PROPERTY DISPOSAL OFFICES

Mr. **Chappell**. General, would you agree that the current system actually encourages property disposal offices to accept all material—because that will register as a transaction and transactions are used to compute work years which are used to justify budgets?

General **Litke**. I am well aware there are those who have made those allegations. We would hope that is not the case. Our intent is to try to take material that is excess to the service or organization that holds it and makes it available for others to use. If we find that there is not a reuse for it within the Department, we make it available to other Federal agencies and finally to charities.

If we are unable to do that, we sell it. We try to accept material merely because we can make it reusable.

BATCH LOTTING

Mr. **Chappell**. Is there a headquarters directed policy on batching low-value line item transactions?

General **Litke**. You are now referring to property disposal?

Mr. **Chappell**. Yes.

General **Litke**. Mr. Chappell, I will have to supply that for the record.

[The information follows:]

Yes, there is a policy. The policy states that line items of $50 or less value in supply condition codes A through G will be batch lotted and line items of $100 or less value in supply condition code H (condemned) will be batch lotted. There are specific exceptions to this policy for certain items and in addition, DoD Components can request items not be batch lotted when they have a need for them.

Mr. **Chappell**. Please aswer the following questions for the record.

[**Clerk's note**.—Questions submitted by Mr. Chappell and the answers thereto follow:]

Question. Do you believe that a well-enforced policy of batching line item transactions with a value of $50 or less would save money?

Answer. Yes, however, in addition to the exceptions cited above, exceptions are made in the interest of reutilization because the Military Services and Defense Agencies lose visibility of the line items available when items are batch lotted.

Question. Is it accurate that several years ago DLA tried to get the $50 batching ceiling raised to $100?

Answer. Yes. In fact, we raised it to $100 unilaterally and the various inventory managers objected to the lost visibility of assets in the $50 to $100 line item value range. As a result of the moratorium on disposal and the management improvements resulting therefrom, we changed the batch lotting criteria to $50 for supply condition codes A through G and $100 for supply condition code H.

Question. Have you considered reopening the proposal?

Answer. No. The $50 level appears to be an appropriate balance between the cost of operations and mintaining visibility for reutilization.

Question. The Committee has been advised that nearly one-third of the total number of transactions represent items with less than one percent of the original acquisition costs. Doesn't this indicate a program with costs and benefits somewhat out of balance and give further credence to the usefulness of batching low cost line items?

Answer. The quoted statistic does not indicate an "out-of-balance system. The system is responsible for disposal of high cost line items such as complete aircraft, ships and tanks, as well as low cost items. The fact that low cost items are a significant portion of our line item inventory but an insignificant dollar value, is not a startling statistic. In FY 1985 proceeds collected by our sales program were almost $86 milllion for items with an acquisition value of approximately $1.5 billion. In addition, the estimated cost avoidance to DoD based upon acquisition value in FY 1985 by reutilizing material from the DRMOs and thereby offsetting new purchases was $1.6 billion. For the last two years, a comparison between sales proceeds versus acquisition value has been almost 6%. Because of the better condition of items chosen for reutilization, applying the 6% number to this effort would be very conservative and would result in a savings of at least $96 million.

Even using this very conservative approach, the statistics are overwhelming that this program more than pays for itself. Of course, we will continue to look at ways to reduce the costs or increase the returns even further.

[CLERK'S NOTE.—End of questions submitted by Mr. Chappell.]

DEBT COLLECTION PRACTICES

Mr. CHAPPELL. What about your debt collection practices? Are you familiar with an inspector general's audit report on the debt collection practices of the DLA?

Mr. SHYCOFF. I have some familiarity with that.

Mr. CHAPPELL. The report states that better management and controls are needed over the agency's debt collection processes, which are not in compliance with established guidelines. In addition, the auditors found that the agency did not collect at least three million dollars in interest owed the government on delinquent debts that were subsequently paid. This amounted to interest-free loans for the debtors. The auditors also found that at one time 99 percent of delinquent debts were attributable to the Defense Stock Fund. Do you agree with the findings of this study?

Mr. SHYCOFF. I know we have a problem in that area that we are working on and trying to improve.

Mr. CHAPPELL. What specific actions has the agency taken in response to the audit findings?

Mr. SHYCOFF. I think the primary action we have taken is to provide more visibility and more control, and we are paying more attention to it. We are now receiving a report at the headquarters level. This is the first quarter we will be getting one. Up to this point, it has been left in the field. We will be giving much more attention to this in the future.

Mr. CHAPPELL. How much unpaid debts are out at this time? Do you know?

Mr. SHYCOFF. Yes, sir, approximately $80 million.

Mr. CHAPPELL. How does that compare with a year ago?

Mr. Shycoff. I am not sure, but of that amount, about $15 million of those are over 365 days and those are the ones that are of most concern. That is the indicator as to whether we are working them or not.

I will supply that for the record.

[The information follows:]

Yes, we have been able to reduce delinquent debts from $88.8 million to $84.0 million. The delinquent debts by major components are shown in the table that follows.

It should be noted that the delinquency as of 30 September 1985 included approximately $13.1 million which would be collected within 30 days. These are sales to the exchange systems that are not processed through the interfund billing process. It normally takes approximately 60 days to collect. Under our system, these show up in our delinquent numbers after the first 30 days. We do not consider them delinquent.

In addition, approximately $46.0 million of the delinquent debts cannot be collected as the debts are under litigation in either the court or the Armed Services Board of Contract Appeals.

Agency procedures (to pursue the collection process as long as we have a chance to recover some monies) keep the total delinquent receivables somewhat higher than they might be. For example, even though we are notified that a contractor is out of business, we continue to keep the debt open for approximately one year to assure we have explored every avenue of collection. We believe this is a prudent way to do business.

	FY84	FY85
Clothing and textiles	20.2	31.1
Fuel	13.7	10.0
All other	2.5	2.8
Headquarters[1]	42.4	40.1
Total	88.8	84.0

Mr. Chappell. How do these receivables come about and why do we have so much problem collecting them?

Mr. Shycoff. There are a number of reasons. One would be where you have provided progress payments to a vendor and for one reason or another the contract, may terminate or they may not deliver according to the contract, and we paid them as if they were going to deliver a satisfactory product.

Now you are going back to try to collect from them. That is probably one of the larger causes.

Mr. Chappell. What about the collection from the defense stock fund?

Mr. Shycoff. Some of that would be from the stock fund since that is where we do most of our business.

Mr. Chappell. Is most of this money related to the stock fund?

Mr. Shycoff. It would have to be, but let me provide that for the record.

[The information follows:]

Almost all of the reported delinquent debts relate to the stock fund.

Mr. Chappell. Provide what you are doing specifically to improve the situation and where the problem lies.

Mr. Shycoff. Yes, sir.

[The information follows:]

In addition to the initiatives described above, site visits have been conducted and others are scheduled to review compliance with established procedures particularly

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to insure that demand letters are issued timely and delinquent debts are transferred to the contract finance office, when required. Regulatory guidance to insure debts are established at specific times has been issued, this guidance also provides for the charging of interest and establishes the dates for the debt to be resolved.

Our major payment systems are being improved to reduce the potential for erroneous and duplicate payments. This involves the maintenance of mechanized payment history files and additional up front validations to reduce opportunity for fraud and abuse. While this is not an improvement to debt collection, per se, it will reduce the number of delinquent debts. Another effort involves using private collection agencies to collect delinquent debts prior to writing them off. This program will be in operation this year.

COMPETITION IN ACQUISITION PROCESS

Mr. **CHAPPELL**. What about competition in your acquisition process? Are you vigorously pushing competition?

General **LITKE**. Yes, sir. Last year in fiscal year 1985 we made $15.2 billion worth of contract awards. That was accomplished in 1.4 million actions. Of that, 90.4 percent of the dollars were competitive and 80.3 percent of the actions were competitive. Realizing that is skewed a little bit by fuel because fuel is a big dollar consumer and it is essentially competitive so if you take that out and look at spare parts only, we are talking 72 percent of the dollars and 77 percent of the actions are competitive.

We are by far the highest in the services and have made substantial increases over previous years.

WORKLOAD AND PRODUCTIVITY

Mr. **CHAPPELL**. You are asking this fiscal year for an additional $45,848,000 based on an anticipated 5 percent workload growth. A review of 1985 figures indicates that gross requisitions received were 3 percent below estimates, line items shipped and received were 4.9 percent below, and line items received and disposed were 14 percent below the estimates. This indicates that earlier growth projections were not realized.

With this record, why should the Committee place credence on your estimated 1987 workload growth?

General **LITKE**. The data that we use as our management data would not agree with what you are showing. We are showing increases in 1985 with the exception of line items received and disposed. Because of the moratorium we had substantial decreases, but in other areas, we had increases. The composite for the total increase was 4.9 percent. The one area where we did not see the numbers that we expected was in line items awarded and that is because of the stretchout of procurement lead time caused by the numerous changes to regulations and directives concerning competition and also our efforts to insure our buyers are buying at the right price and know what they are buying.

Mr. **CHAPPELL**. Actually I think we are referring to 1985 estimates contained in last year's justifications. You may be looking at something different.

General **LITKE**. The numbers I am referring to are over 1984.

Mr. **CHAPPELL**. Have a look at your page. Talk to the staff on that.

General LITKE. We feel very confident that we are seeing that sort of increase, normally 5 percent a year for the last several years and our projections look the same.

Mr. CHAPPELL. We are not criticizing you. Look at it and see whether there is more room here.

I have some additional questions on workload and productivity which you can answer in the record at this point.

[CLERK'S NOTE.—Questions submitted by Mr. Chappell and the answers thereto follow:]

Question. How much of the $26,616,000 increase requested for civilian personnel compensation in 1987 is due to workload increases and how much to other factors?

Answer. The program growth in civilian compensation costs is based on the following: 5% workload increase +45.8; 3% productivity increase −27.6; Competiton and other initiatives in Contracting and Technical Services +5.4; and Training +3.0.

Question. For 1987, as in previous years, the Agency is estimating that productivity increases of 3 percent will partially offset the wordload increase. A recent management review of the DLA conducted by the General Accounting Office (Report No. NSIAD-86-64) indicated that overall Agency productivity experienced an average growth rate of 4.4 percent between 1980 and 1983. A labor input in 1984—the last year GAO measured—resulted in a small productivity decease.

Why shouldn't the Committee assume that in 1987 DLA's productivity increase will match the average of the early 1980's?

Answer. While we would like to repeat the experience of the early 1980's our recent experience indicates that more than 3% would be highly unlikely. We are experiencing heavy turnover in the procurement, quality and contract management workforces where we do not appear to have a competitive salary structure. This turnover is heavier than we experienced in those years. The private sector is anxious to recruit people trained in government procurement practices and quality requirements and they seem willing to pay much more than we are. In additon, OPM required DLA to downgrade many of our contract payment personnel. Because of this higher turnover, we believe the goal of 3% that we have set for ourself is at the top of the range of what we can reasonably expect to achieve.

Question. The GAO report also noted that DLA applies performance standards (covering 65 percent of DLA employees) against anticipated workloads. However, according to the GAO, "in formulating its operation and maintenance budget, the DLA uses efficiency rate goals to adjust performance standards downward to account for such factors as new work procedures, new legislative requirements, excessive personnel turnover, and inadequately trained staff. Performance standards are developed by DLA to show how much a worker should be able to produce at a normal pace. The judgmental adjustments to the standards have the effect of increasing the estimated resources needed."

The Committee would agree with the GAO that such adjustment, "where needed to reflect a realistic budget estimate and when based on objectively and systematically derived data," are proper.

What assurances can you provide to the Committee that such is the case and that the adjustments are not the subjective judgments of senior agency personnel?

Answer. DLA does use engineered standards extensively in managing the day to day operations of the Agency. The standards reflect how long the average trained staff should take to accomplish a task. These standards are the basis for our allocation of resources to the field. Most of the goals given to the field require them to beat the standards. However, there have been exceptions in the last two years in the procurement area where almost 30% of the workforce had less than one year's experience and there were significant changes in the procurement process. The adjustments are made after a great deal of analysis and the goals usually are different for each activity. As much as we would like to be able to arrive at a mathematical answer, decisions of this type ultimately require the subjective judgment of the Director of the agency, after receiving input from the headquarters staff and the individual field activities.

These estimates are not used in the formulation of the budget submission to the Congress. Rather, we assume that our constant review of standards will produce an average productivity gain of three percent in both 1986 and 1987.

In essence, DLA is requiring our managers to achieve unit cost goals, with the standards serving as a proxy for unit costs. This provides assurance that our managers will adjust their workforce to match fluctuations in workload. Although our budget submission includes an estimated workload increase of 5 percent, there is no likelihood that the increase will be exactly the same for each program. We can be equally sure that there will also be fluctuations within a program. This system provides an automatic realignment of resources, within the amounts available to DLA, and provides assurance that resources will not be utilized merely because we made an earlier estimate of workload.

[CLERK'S NOTE.—End of questions submitted by Mr. Chappell.]

INCREASES IN TRAVEL COSTS

Mr. CHAPPELL. Travel costs for the contract services administration activity group experience 57 percent program growth, $7,500,000 in 1986 above 1985. Additional program growth of $2,500,000 is forecast for 1987 bringing total travel costs from $13,169,000 in 1985 to $24,289,000 in 1987.

Do you have statistics to support an 84 percent travel increase over two years or are we wrong on those figures?

Mr. SHYCOFF. We have two things going on. We have some fairly significant increases in the number of people in those areas which are widely dispersed. We have had a significant problem in training people and making sure that the people who work in our contract administration area are well trained. A lot of travel costs have to do with that training.

In addition, because of the dispersion we had to incur significant PCS costs in getting people to those.

Mr. CHAPPELL. They had to change that much in one year? That is a big change. That is almost double.

Look them over and let staff work with you a little bit on those, too.

[Additional information follows:]

This increase reflects DLA's goal to develop a well-trained workforce. Training travel growth represents most of the projected increase in travel costs from FY 1985 to FY 1987. Some of the areas for which augmented training and the associated travel costs are needed are: The Defense Contract Acquisitions Career Management Board established Contract Administration standards which necessitate training commensurate with experience levels. An accelerated spare parts training program for new hires has been initiated. A requirement was implemented that Quality Assurance Representatives undergo certification training covering a wide range of commodities before authority to accept material is issued. The one million hour backlog in Quality Assurance training and high personnel turnover rates throughout the Contract Administration area represent additonal training needs. These factors have created training and travel requirements greatly in excess of the level provided in prior years.

Mr. CHAPPELL. Mr. Livingston has some questions he would like you to answer for the record.

[CLERK'S NOTE.—Questions submitted by Mr. Livingston and the answers thereto follow:]

SUBSISTENCE SHIPMENTS THROUGH THE PORT OF NEW ORLEANS

Question. Last year, in response to my inquiries, the Army through the Defense Logistics Agency and Military Traffic Management Command decided to continue shipping military commissary and troop assistance cargoes for Panama through the Port of New Orleans. For the record, I want to thank General Babers, General Litke and Mr. Shycoff as well as the Military Traffic Management Command for their assistance and cooperation in this important matter. Has this decision, made last year, been altered in any way?

Answer. No.

Question. Are there any future plans being developed by the Department to change this policy?

Answer. No.

Question. Does the Department plan to continue these shipments through the New Orleans Port for FY 1987 and the remainder of this year?

Answer. Yes.

Question. Are there any plans to reroute refrigerated cargo currently going through New Orleans to other ports?

Answer. No.

Question. In a letter to me dated November 27, 1985, the Defense Logistics Agency stated that their review of . . . "various alternatives has determined that operational/service improvements can and will be made at the Military Traffic Management Command, Gulf Outport, LA." Describe for the record the improvements made at Gulf Outport.

Answer. "Consists" are electronically transmitted to consignees for advance item visibility.

Gulf Outport is forwarding requested management information to Defense Personnel Support Center, Philadelphia, PA.

No additional costs except for veterinary inspections.

Question. Has the Military Traffic Management Command begun inspection services at Gulf Outport as it stated it would in last year's testimony? If not, why?

If so, who conducts these inspections and what are the annual costs for them?

Answer. Inspections are being conducted on all shipments.

Army Veterinary Service personnel are conducting inspections.

One Army E-6, approximately $20,000 per year.

[CLERK'S NOTE.—End of questions submitted by Mr. Livingston.]

Mr. CHAPPELL. Mr. McDade?

Mr. McDADE. Thank you, Mr. Chairman.

I want to emphasize the Committee's concern, General, and to your associates, about property disposal, one of the major problems that exists. We just heard it again from the IG and we know you want to solve the problem and we do, too.

Please be aware that we are going to be working with you as hard as we can to make sure that is done.

There are a series of reports that haven't been processed yet. See that they get processed, will you?

Mr. SHYCOFF. Yes, sir.

Mr. CHAPPELL. Thank you very much, gentlemen.

We have a few additional questions which we ask you to answer for the record.

[CLERK'S NOTE.—Questions submitted for the record and the answers thereto follow:]

CONTRACTING REQUIREMENTS

Question. In 1987, you are requesting program increases of $10,692,000 in the inventory control points—contracts activity group, including $3,178,000 for changes in contracting practices and $2,382,000 for training. Please elaborate on the need for these additional funds.

Answer. DLA resource requirements are primarily influenced by the activities of the Military Services. As the numbers of weapon systems in the operating forces increase, the supply support required of DLA increases. Similarly, as the investment programs increase, DLA is called on to award and administer more contracts. Overall workload has been increasing by an average of five percent per year.

However, we have also been faced with a significant increase in administrative lead time. It is becoming more and more difficult to process a procurement action. As we try to get even more competition, we will have converted all of the easy items. As a result, we estimate the need for additional personnel in this area.

Much of this growth represents untrained, entry level personnel entering the contracting arena. In addition, 54 percent of DLA's current buyers have less than three years' experience. The mission impact of an untrained pool this large is visible in the rise of our line items on hand, backorders, and in deteriorating supply effectiveness. Additionally, the Competition in Contracting Act (CICA) requires further training in pricing techniques and technical review. We have also expanded commodity training in FY 1987 to further familiarize buyers with their purchases. In FY 1985 we increased competition from 66% to 80% in procurement actions and saved over $100 million as a result. Further expansion in efforts to obtain competition, such as CICA initiatives and a trained workforce, will produce further savings.

FY 1985 ESTIMATED SAVINGS

Question. The justification material states under the inventory control points—contracting activity group that for fiscal year 1985, you estimated savings to the Military Services of approximately $125 million, resulting from improvements in procurement practices. What documentation do you have to support this claim?

Answer. DLA's Annual Competition Advocacy Report documents savings of over $167 million in FY 1985, up from $122 million in FY 1984. Our estimate in the budget has proven conservative.

We saved nearly $100 million through value engineering by obtaining competition on items that were previously sole source. Other significant savings came from parts breakout, refunds and other competition efforts. Our investment of $30 million resulted in savings of over $167 million, a return on investment of 359%.

Documentation is very difficult. We have a list of specific actions to support the $167 million, but the number is based on contractor proposals, not necessarily what we would have paid. Thus, we cannot absolutely prove the number. However, our stock fund costs went up less than one percent during FY 1985 as compared with the official indices of 4.9 percent, a reduction of over $100 million on purchases of $2.8 billion. We believe that is an indication that savings were achieved in the order of $125 million.

REAL PROPERTY MAINTENANCE

Question. The financial summary for the real property maintenance activity indicates there is a $29,784,000 increase in 1986 for facility maintenance by contract, bringing the total to $67,244,000. The comparable 1987 number is $66,049,000—reflecting price growth of $2,640,000 and a program decrease of $3,885,000. However, the next page indicates a program increase in 1987 of $16,915,000 for facility maintenance by contract, and a $20,800,000 decrease in office modernization. Can you explain exactly what is happening in the facility maintenance by contract area?

Answer. In FY 1987, our program for facilities maintenance by contract will increase by $16,915,000 due to roof repairs at Columbus, Memphis, and Tracy, building repairs at Alameda, and railroad repairs at Ogden. However, this program increase will be offset by a $20,800,000 decrease for work place modernization. Since this modernization is programmed for FY 1986, it is taken out of our program for FY 1987. The net effect of these adjustments from 1986 to 1987 is an overall program decrease of $3,885,000. We should point out that $30.5 million of the FY 1986 amount was sequestered.

RENT INCREASE IN TELECOMMUNICATIONS

Question. Please explain why rents are increasing by more than $3,000,000 in 1987 in the telecommunications activity.

Answer. In FY 1987 DLA will continue its transition from the DLA Network to the Defense Data Network. Circuits must be rented to support this transition ($1420K). Technical Support Systems must be utilized during these transition phases ($100K). In FY 1987, Defense Reutilization and Marketing Service needs to expand telecommunication capabilities to various Defense Reutilization and Marketing Offices and offsite branches in Europe and Pacific Regions. This funding is for installation and circuit rental ($1512K).

SUPPLY DEPOT OPERATIONS

Question. In the supply depot operations activity, there is a $10,000,000 (or 555 percent) increase for all other equipment requested for 1987. These funds would be used to purchase storage aids, is that correct? The big increase in funding makes it appear that this is either a new problem or one previously viewed as a lower priority, do you agree?

Answer. Yes, we have a new problem. Our depots have experienced significant increases in material due to the transfer of material from Norfolk which was previously approved by this Committee; an overall increase in inventory because of the increasing size of the operating forces, and the change in disposal criteria, which results in more inventory being retained. Storage aids consist of pallet racks, nestainers and other support arrangements that allow vertical use of storage space. By storing material vertically, we can take advantage of existing cube and avoid unnecessary construction. We also need this equipment to avoid losses in productivity which occur when a depot becomes too congested.

DEFENSE REUTILIZATION AND MARKETING SERVICE

Question. Last year's justifications estimated 4,074 civilian workyears for 1985 and 4,006 for 1986. The comparable figures in this year's material are 3,549 for 1985 and 3,631 for 1986. Approximately 230 personnel were transferred to the base operations activity groups, is that correct?

What accounts for the rest of the shortfall?

Answer. Approximately 230 workyears were transferred from Property Disposal to Base Operations in the FY 1987 budget. This was done to consolidate all the base operations type effort that had been associated with unique functions (such as disposal) in the past. Another 260 workyears were transferred to the Environmental Restoration account in the FY 1987 budget. This account can now include payroll costs and associated workyears in FY 1987 that were formerly reimbursable and accounted for in Disposal Operations.

Question. The activity groups contained in the 1987 budget justifications differ significantly from the exhibits contained in the 1986 justifications. For each activity group listed in the 1987 justifications, begin with the amount requested for fiscal year 1986 (showing all activity name changes) and indicate each change, including functional transfers and congressional action, made to arrive at the 1986 current estimate depicted in the 1987 justifications. Ensure that such a display is included in all future years' justifications.

Answer. See the following table.

FY 1986 PROGRAM

	Estimate in 1986 Submission	Funct. Trans. 1/	Cong. Action	From Transfer Accounts	Realign and Reprog. 2/	Sequestered	Estimate in 1987 Submission
Base Operations	233,791	+14,000			+21,825	-40,017	229,599
Computer Systems	193,348	----			+ 4,255	-12,900	184,713
Contract Administration	499,739	-92,000	+5,500		+38,127		451,366
Def. Manpower Data Center	6,094	----			+ 1,188		7,282
Reutil. & Marketing**	110,852	-23,000			+ 5,209		93,061
Environ. Restor.	42,400	----	-42,400	+74,025			74,025
Indust. Prep.	26,225	+ 3,500			+ 8,603		38,328
ICP* - Contracting	----	+93,850			+14,750		108,600
ICP* - Mater. Man.	----	+148,656			+13,390		162,046
ICP's	242,506	-242,506			----		----
Other Log. Services	100,836	- 6,500			7,008		101,344
Real Prop. Maint.	----	+104,000			+41,705	-30,500	115,205
Supply Depot Ops.	186,563	----			+15,132		201,695
Telecommunications	59,416	----			- 3,372		56,044
Refunds	----	----	-13,624		----		-13,264
Foreign Currency	----	----		+ 6,400			6,400
Undistributed			+35,308		-35,308		
TOTAL	1,701,770	0	-14,856	+80,425	+132,522	-83,417	1,816,444

*Inventory Control Point
**Formerly Disposal Operations

1/ Review of the FY 1986 submission revealed that there had not been a consistant treatment of base operations. This column reflects an estimate of the changes to the 1986 submission which would have been necessary to provide that consistency. In addition, because of the emphasis on contracting, a separate activity group has been established for that effort.

2/ Congressional action on the FY 1986 budget took place at about the same time that final estimates were being developed for the FY 1987 submission. Except for the $5.5M added for the Procurement Technical Assistance Effort, the directed refunds pass throughs, and the change in funding arrangements for the Environmental Restoration Program, none of the other adjustments were identified to activity groups. In fact, only the increase of $30.0 million to help improve the quality effort was identified to DLA. This column reflects the distribution of the Congressional Adjustment, internal reprogramming based on FY 1985 experience, and the prior approval reprogramming action being submitted on FY 1986. A significant part of this column is the restoration of the 1986 budgeted 5% pay reduction, which could not be accomodated within the congressionally approved amount.

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DLA CONTRACTS

Question. How many of the 450,000 contracts administered by the DLA are $100,000 or more?

Answer. Twenty percent of the 450,000 contracts exceed $100,000 in dollar value.

[CLERK'S NOTE.—End of questions submitted for the record.]

DEFENSE TECHNOLOGY SECURITY ADMINISTRATION [DTSA]

Mr. CHAPPELL. Mr. AuCoin has several questions on the Defense Technology Security Administration, he would like answered for the record.

[CLERK'S NOTE.—Questions submitted by Mr. AuCoin and the answers thereto follow:]

Question. I recently introduced legislation that would eliminate license requirements for shipments of high technology items to COCOM countries. The purpose of the bill is to eliminate the unnecessary review of items that are being shipped to our allies.

For the purpose of understanding DOD's role in the export license review process, could you please answer the following questions and submit those answers to the subcommittee as soon as possible.

What are the names of titles of all of the programs and/or departments within the Department of Defense that have jurisdiction over "technology transfer"? I am particularly interested in obtaining the names of those functions that deal with the review of export license applications. From which appropriations categories have these resources come?

Answer. The Office of the Secretary of Defense is responsible for reviewing export license requests that are referred to DoD by the Departments of State and Commerce under the provisions of the Arms Export Control Act and the Export Administration Act. This function is performed by the Deputy Under Secretary of Defense for Trade Security Policy who is also the Director of the Defense Technology Security Administration (DTSA). Within DTSA, the Directorates for Strategic Trade and Munitions Control review export licenses. Resources for DTSA have come from the Operations and Maintenance; Research, Development, Testing and Evaluation; and Procurement appropriations categories.

Question. How many DoD employees currently review export licenses and how many are at the managerial level in these functions? Please break down that number within each function.

Answer. Within the Strategic Trade Directorate, eleven personnel review export licenses, two of which are managerial level. Thirteen personnel in the Munitions Directorate review export licences, two of which are managerial.

Question. Is DoD asking for more appropriations within each these functions? If so, could you break down the total requests?

Answer. The DTSA budget requested for FY 87 represents an increase of $1.8 million over the FY 86 budget. The additional funds will be used to acquire automation equipment and data bases. The acquisition of these resources will enhance the processing of export license request by reducing processing time, improving analyst reference material, and through increased utilization of historical reference material. The acquisition of a modern information processing system is an integral part of an efficient, transparent and predicable export licensing system that contributes to national security and assists US exporters.

Question. Is the DoD asking for more people for these functions for FY 87? If so, how many more people are being asked for within each function mentioned above?

Answer. DTSA is not requesting any increase in personnel for FY 87.

Question. If, in fact, DoD is requesting an increase in personnel in this function, why does DoD feel it is necessary to increase personnel?

Answer. DTSA is not requesting any increase in personnel for FY 87.

Question. Resource figures for the Technology Security Program in Fiscal Year 1985 were submitted in the past as past of the DoD Report to the 98th Congress on the Technology Transfer Control Program (dated February, 1984). A summary of those projections is submitted . .

Component	FY 1985	Personnel
Office of the Sec. of Defense		
Office of Under Sec. of Defense for Policy	$3,127,000	49
Office of Under Sec. of Defense for R&D	4,155,000	32
Navy	3,820,000	43
Air Force	2,185,000	37
Army	555,000	25

Could you please provide me with an update of these figures for FY '86 and for the proposed FY '87 budget?

Answer. Resource figures for the DTSA program for FY 86 and FY 87 are:

	FY 86	FY 87
Personnel	112	112
Budget	$3,656,000	$5,255,000

Question. How many export license applications has Defense reviewed per month? Please break down the figures as far as possible to distinguish between: a) exports intended for controlled countries; b) COCOM countries; c) other non-controlled countries.

Answer. DTSA reviewed the following number of export license applications. Figures are based of calandar year 1985. It should be noted that in the area of dual use items (Export Administration Act) The Arms Export Control Act controls exports to all countries; as none of these munitions items are exported to the Warsaw Pact countries data is identified as exports to COCOM allies or to other countries. Average number of licenses reviewed per month:

Export Administration Act.—Exports to Warsaw Pact 108, and Exports to other countries 1176.

Arms Exports Control Act.—Exports to COCOM allies 280; and Exports to other countries 680.

Question. What percentage of each category of licenses is approved, denied, approved with restrictive conditions upon their use? In how many of the denial cases was DoD the only entity to recommend denial?

Answer. Percentages of approvals, approvals with conditions and denials:

[In percent]

	Approval	Conditions	Denial
Export Administration Act:			
Exports to Warsaw Pact	21.5	56.6	21.9
Exports to other countries	76.8	16.1	7.1
Arms Export Control Act:			
Exports to COCOM allies	65.6	29.6	4.8
Exports to other countries	59.8	32.4	7.8

DoD is not informed of positions recommended by other government agencies. Therefore, it is not possible to determine the number of cases in which DoD was the only agency to recommend denial.

Question. Does the Department make use of contractors, either in the private sector or from elsewhere in DoD to study, revise, assist, or in any way contribute to export review functions?

Answer. DTSA has utilized contractors to study the export licensing process and to assist in identifying sources of information which assist in enhancing the process. These studies have been of considerable assistance in developing the plan to increase efficency and predicability.

Question. Has the DoD provided or does it intend to provide resources to other agencies involved in the export control process? If so, please indicate what those other agencies are.

Answer. DTSA has provided assistance to other agencies to enhance the licensing process. This assistance has included a program with the Department of State to modernize the Coordinating Committee procedures, development with the Department of Commerce of a pilot program for an automated export license application system, and exchanges with other governments that are seeking to improve their technology security program.

Question. What level of staffing do you have as of April 1, 1986? How does that differ by specific detailed functions from what you hope to have in place pursuant to this budget request?

Answer. DTSA is not requesting funding for additional staffing during FY87.

[CLERK'S NOTE.—End of questions submitted by Mr. AuCoin.]

Mr. CHAPPELL. We have several questions concerning defense agencies which do not have witnesses appearing before the Committee today. Answers to these questions should be provided for the record.

[CLERK'S NOTE.—Questions submitted for the record and the answers thereto follow:]

DEFENSE INVESTIGATIVE SERVICE

STATUS OF 1986 CONGRESSIONAL INITIATIVE

Question. Last year the Congress added $25,000,000 to the Defense budget to help reduce the backlog of reinvestigations. Of that amount, the Defense operation and maintenance account received $20,000,000 and the Defense agencies procurement accounts received $5,000,000. The justifications indicate this will support 762 additional positions in 1986.

How many of the additional employees have been hired to date? Are all of the additional personnel being brought on in entry level positions? And, what is your best current estimate of end strength and workyears in 1986 associated with the additional $20,000,000?

Answer. The Defense Investigative Service did not receive all of the $20,000,000; $5,356,000 was taken for the Balanced Budget and Emergency Deficit Control Act of 1985 and $1,086,000 was provided to the military departments to accomplish the overseas work on the PR's. This left DIS with $13,558,000 for operation and maintenance. At the end of March 1986, 368 new employees have been hired. About 70 percent have been hired at the entry level for the position. The other positions are agents that qualify for a higher entry grade because of experience or are filled by current employees who might be in a grade/step higher than the entry level of the position, such as supervisors and regional headquarters support. After the Balanced Budget and Emergency Deficit Control Act of 1985 and providing the funds to the military departments, it is estimated 455 end strength by the end of FY 1986 generating 389 workyears.

Question. The justifications seem to indicate that only 192 of the additional 762 workyears are agent workyears. Is that correct?

Please detail for the Committee exactly how the additional workyears have been distributed. For example, how many agent workyears, how many in headquarters, etc. Also provide an object class detail of the $20,000,000.

Answer. After the Balanced Budget and Emergency Defict Act of 1985 and providing funds to the Military departments the street agents authorized in the 455 for FY 1986 is 301 authorizations producing 273 workyears not 192 workyears. The following table presents the distribution:

	Authorizations	Workyears
DIS headquarters	[illegible]	[illegible]
Personnel Investigations Center	55	50
Clerical	59	40
Supervisors	40	[illegible]
Street Agents	301	273
Total	455	389

The following table provides the object class distribution of the $20,000,000.

[In thousands of dollars]

Personnel	7,731
Travel (primarily associated with training)	2,156
Transportation	147
Rents and Utilities	703
Communication	603
Equipment Maintenance	92
Printing	54
Purchased Service	870
Supplies	269
Equipment	933
Total	13,558

AVERAGE CASE COMPLETION TIME

Question. Your 1985 actual case completion time was 91 days. Your 1986 and 1987 estimates are 72 and 65 days, respectively.

What are the latest 1986 actual case completion times?

Answer. The average case completion time as of April 18, 1986, was 71 days.

USE OF INVESTIGATIONS BY OTHER FEDERAL AGENCIES

Question. When the Defense Investigative Service investigated an individual who has previously been investigated by other government agencies, for example, the Federal Bureau of Investigation or the Department of Energy, does DIS build on and update the information developed by the other agencies—or completely reinvent the wheel?

Answer. Whenever DIS is aware that a prior PSI has been completed by any other government agency, that investigation is retrieved and compared against the current requirements. Only those investigative leads necessary to meet the current investigative standard are completed. DIS does not cover the same ground again. There are occasions, however, that the existence of a prior file is not known when the investigation is opened. This has been especially true for investigations conducted by the Central Intelligence Agency (CIA) on individuals who require clearances in other programs. In those instances duplication does occur.

SECURITY CLEARANCE CRITERIA

Question. Has the Defense Investigative Service reeexamined its criteria for granting or denying security clearances as result of the rash of security breaches and "spy cases" in the past one to two years?

Answer. The adjudicative criteria used by DIS for granting/denying security clearances is enunciated in DoD Regulation 5200.2-R, "Department of Defense Personnel Security Program." DIS is responsible for clearance denials on only its own personnel. Similarly, the military departments are concerned only with their own personnel, the Defense agencies with their personnel, and the Defense Legal Services Agency with industrial contractor personnel. The Commission to Review DoD Security Policies and Practices recognized that the security clearance/denial criteria needed to be more clearly enunciated. DoD 5200.2-R is currently under revision to implement many of the Commission's recommendations.

DEFENSE MAPPING AGENCY

EQUIPMENT MAINTENANCE BY CONTRACT EXPENSES

Question. Equipment maintenance by contract expenses more than double from $7,268,000 in 1985 to $17,729,000 in 1987. The 1987 program growth alone is $5,517,000. What are the principle reasons for this significant growth?

Answer. The principal reasons for the significant growth in equipment maintenance during fiscal years 1986 and 1987 are to comply with Congressional direction to covert automatic data processing equipment (ADPE) from leased to government-owned whenever economically feasible; and the delivery beginning in FY 1986 and continuing into FY 1987 of highly sophisticated technical equipment of the first, or Mark 85, phase of our Exploitation Modernization Program. Prior to purchase of the ADPE, maintenance costs were included as part of the rental contract and reflected under equipment rentals whereas now they are shown under equipment maintenance. An offsetting reduction in the cost of equipment rentals is contained within that account.

Question. There is a total of $40,087,000 in requested program increases, partially offset by $9,119,000 in decreases. One major program increase is $4,416,000 for contractual production of 1:50,000 scale topographic line maps.

What is the total programmatic effort in this area and, precisely what will be accomplished with the additional funding requested for 1987?

Answer. In FY 1987, the total program effort for 1:50,000 scale topographic line maps is $15,964,000. This includes organic effort of 318 workyears and contract effort of $5,309,000. The products support tactical land/air combat operations, air or missile target acquistion, intelligence operations, evacuation of U.S. Nationals, general planning and training. Requirements for 1:50,000 topographic line maps are determined by the needs of the Unified and Specified Commands, the Military Departments, and intelligence community.

Those requirements which are validated through an exhaustive review and evaluation process are scheduled for production in competition with other validated requirements based on a comprehensive set of criteria, the foremost of which is the Joint Chiefs of Staff priority designators.

The contract resources provide basically for color separation work commensurate with the completion of the compilation effort related to specific topographic map sheets.

Specifically, the increase in contract resources for FY 1987 supports the requirements for maps of selected Department of Defense training areas in the continental United States; compilation and/or color separation of new maps in support of the U.S. Central Command and the U.S. Pacific Command Operational and Contingency plans; and special military requirements in Alaska.

Question. Another major program increase is $5,196,000 for increased contract maintenance for newly acquired mapping, charting and geodesy production equipment and various ADP systems/components. Please delineate how much of the requested increase is for maintenance and how much is for new systems.

Answer. The entire program increase is for contract maintenance. It consists of increases of $2,120,000 for automatic data processing equipment; $394,000 for mapping, charting and geodetic technical equipment; and $2,682,000 for new highly sophisticated technical equipment being delivered under the Mark 85, or first phase, of the Exploitation Modernization Program.

Question. What is the total request of the Defense Mapping Agency for all new ADP equipment in 1987?

Answer. Within DMA's FY 1987 Operation and Maintenance request, there is $9,833,000 for contract maintenance of automatic data processing (ADP) equipment already in our inventory and $1,452,000 associated with the lease of other ADP equipment. In the Procurement, Defense Agencies account, DMA is requesting $8,064,000 to purchase new ADP equipment in FY 1987.

IG REPORT OF DMA TRAVEL PROGRAM

Question. A recent Inspector General report audited the Defense Mapping Agency Travel Program (Report No. 86-083, March 24, 1986). The auditors noted the following irregularities in DMA travel records.

1. Approximately $350,000 or 29 percent of the $1,200,000 in unliquidated travel fund obligations at the Hydrographic/Topographic Center were invalid as of September 30, 1984.
2. Overseas travelers were paid too much because they did not report the use of Government quarters.
3. In 34 instances estimated costs on travel orders totaling $35,000 had been obligated twice.
4. Excess obligations totaling $88,000 were identified as a result of accounting errors.
5. Of $442,000 obligated on 63 permanent change of station travel orders, 40 orders with unliquidated obligations of $215,000 were invalid.

What specific actions has the Agency taken to ensure that these problems—and others mentioned in the report—do not recur?

Answer. The Defense Mapping Agency (DMA) has deobligated $352,000 in unliquidated obligations as follows:

Travel not performed	7,000
Late Processing of Vouchers	5,000
Duplicate obligations	35,000
Accounting errors	89,000
Invalid PCS Obligations	216,000
Total	352,000

In addition, we have corrected our accounting records, as appropriate, by transferring expenditures to the proper fiscal year when travel spanned two fiscal years.

Also, DMA has taken the following actions to ensure that findings similar to those revealed in the audit do not recur:

a. All DMA managers and employees have been reminded and directed by HQ DMA memorandum on 7 April 1986 to comply with the DMA Travel Manual and Volumes I and II of the Joint Travel Manual. In addition, the DMA Travel Manual is in the process of being revised and the statement requiring compliance by all DMA Components is still included in the revised version.

b. Standard Operating Procedures (SOPs) for identifying and correcting duplicate, excessive or disallowed obligations have been developed and implemented by DMAHTC. Travel logs have been established to prevent the obligation of duplicate copies of travel orders. This SOP also includes guidance on processing all transactions reported in the Air Force Accounting and Finance Center's register of Transactions by Others. In addition, the SOP contains specific procedures on obtaining missing documentation and for correcting posting of travel related transactions paid and collected by other disbursing officers.

c. SOPs have been written to require the inclusion of the Military Transportation Authorization document along with the invitational travel order when DMA funds are cited.

d. Each traveler on a long term temporary duty assignment is required to file periodic vouchers. Upon the receipt of the *final* voucher, which must state "Mission Complete," all remaining balances for that particular travel order will be deobligated.

e. DMA guidance and procedure were provided by memorandum dated 18 April 1986. The DMA Travel Manual will also include the procedure requiring Agency employees on overseas temporary duty assignments to provide a statement with their travel voucher that indicates whether Government quarters were used or not used during their trip.

f. Each DMA Component in the Washington metropolitan area is presently provided a Monthly Travel Cost Summary report which identifies, by employee name and travel order number, each travel order charged against their particular Component by department or division. Two of our Components, the DMA Aerospace Center (DMAAC) and the DMA Inter American Geodetic Survey (DMAIGS) have developed a monthly travel report which shows open travel items. Managers are using these reports to track travel obligations and to assist the finance and accounting office in correct and prompt closing of travel obligations. The DMA Hydrographic/Topographic Center (DMAHTC) is developing a modified report, similar to those used by DMAAC and DMAIAGS and expects it to be fully implemented and generated from the financial system by 30 September 1986.

g. Supervisory reviews over all travel transactions and guidance for training newly assigned travel employees at DMAHTC, will be made a part of position discriptions and SOPs developed for the reorganized Accounting and Finance Office. The reorganization is scheduled for completion on 30 September 1986.

h. The DMA Components that were not included in this DoD IG audit were required to certify, in writing, that no travel problems similar to the audit findings existed within their Component. The responses indicate that no similar problems were found.

Twelve of the fifteen recommendations in this report have been completed to date. The remaining three recommendations will be fully completed by 30 September 1986. The DMA IG will perform followup reviews and observations on all closed recommendations and any recommendations found to be incomplete will be reopened and reported upon by the appropriate Component until it is fully completed.

DEFENSE NUCLEAR AGENCY

CONTRACTUAL LABOR WORKYEARS

Question. The 1986 estimate submitted in February 1985 for contractual labor workyears was 158. However, the current 1986 estimate for contractual labor workyears is 287—an increase of more than 80 percent. What accounts for this drastic difference?

Answer. The figures on the 1986 submission incorrectly requested the number of manyears necessary. The 1986 submission should have used 159 manyears. The change is an increase of one manyear over the originally requested figure. The 80 percent increase was a result of the figures incorrectly reported.

Question. What is the average cost of a contractual workyear.

Answer. The estimated average cost per manyear for FY 86 is $79,087 (FY 85—$80,717).

ACCIDENT PLANNING ACTIVITY INCREASE

Question. The accident planning activity estimate for 1987 is $3,232,000—nearly a three-fold rise above 1986. What accounts for this.

Answer. In FY 1986 there was only a command post exercise, PT-86, conducted within the Continental United States. In FY 1987 there will be both a command post exercise and a field training exercise conducted outside the Continental United States.

Recently the Emergency Actions Division created a Nuclear Counterterrorism Branch. DNA has tasked by the Assistant to the Secretary of Defense (Atomic Energy) to represent the Department of Defense community in this area. Major command post exercises and a field training exercise in counterterrorism will begin in FY 1987. At present there are three exercises scheduled.

In FY 1986 DNA, in partnership with the Department of State, completed training programs in three embassies. In FY 1987 it is anticipated that we will complete training in more than ten embassies worldwide.

In FY 1986 the DNA Advisory Team participated in two major exercises. In FY 1987 this Team will participate in six exercises with the possibility of one or two additional exercises. This training is vitally important to the national response in the event of a nuclear weapon accident or incident.

Question. What is the rationale for changing the source of funding to support the biennial large scale exercise.

Answer. The biennial large scale exercise was originally financed under the budget activity heading of "Nuclear Weapon Accident Exercise (NUWAX)". The activity heading was changed to "Accident Planning" as this title better encompasses the total budget operation which not only includes the biennial exercises, but also includes support exercises, training classes, seminars, and publications related to nuclear weapon accident and counterterrorism activities. This did not constitute a change in the source of funding, rather the title was changed to reflect the contents of the program.

DEPARTMENT OF DEFENSE DEPENDENTS SCHOOLS

ABOVE SCHOOL STAFFING LEVELS

Question. There have been several studies and audits performed in recent years reviewing the above school staffing levels of DoDDS. Last year this Committee recommended a reduction of funds due to alleged overstaffing. The Army Manpower Requirements and Documentation Agency (USAMRDA) has just completed an extensive analysis of DoDDS requirements. It is my understanding that the USAMRDA study recommends a reduction of 79 personnel by 1988. Is this correct? How are the 79 positions distributed by fiscal year and by activity and, what comment does DoDDS have on the validity of the USAMRDA findings?

Answer. Following a study of DoDDS, USAMRDA recommends a 79-position reduction in above-school-level staffing. DoDDS has agreed to implement the 79-position reduction. The findings are being analyzed now in conjunction with the plan under development for accomplishing this reduction. The USAMRDA study was professionally accomplished, and though we may disagree with some of the conclusions, we do not disagree with validity of the findings.

EFFECT OF GRAMM-RUDMAN-HOLLINGS

Question. What was the total reduction assigned to DoDDS in 1986 due to the Deficit Reduction Act?

Answer. The total reduction assigned to DoDDS for the Deficit Reduction Act was 4.9 percent or $26.808 million.

Question. How did DoDDS apply the reduction to its operating programs?

Answer. The following reductions were applied to operating programs:

1. Delayed opening of school year 1986–87 by 8 days to September 5, 1986.
2. Restricted temporary duty travel to that which is critically essential.
3. Purchased only critically essential supplies.
4. Reduced repair & maintenance to that of the statutory floor ($31.0 million).
5. Prohibited additional expenditures for conferences, research and innovation projects, inservice training, and tuition assistance for employees.

6. Cancelled sabbatical and other long-term training programs.

7. Prohibited expansion of offerings and purchase of equipment for the vocational education program.

8. Prohibited the establishment of any new audiovisual studios.

9. Prohibited hiring of new teachers for the remainder of school year 1985–86.

10. Prohibited conversion of temporary teachers to permanent status.

11. Required review of vacant positions by the applicable regional director prior to filling positions.

12. Restricted utilization of substitutes to replace classroom teachers.

13. Prohibited the transfer of administrators without ODS approval.

14. Eliminated tuition assistance for employees.

15. Closed summer school except when required for special education.

16. Eliminated regional augmentation of systemwide achievement testing.

17. Reduced extra-duty compensation.

18. Reduced transportation for extracurricular activities.

19. Suspended all outdoor educational programs

20. Limited transfer of teachers.

DELAY OF SCHOOL YEAR

Question. By delaying the start of the school year, isn't it true that DoDDS has not saved funds at all, but merely postponed the day of reckoning?

Answer. Yes. However, DoDDS will be in a position to better plan the execution of its budget in FY 1987 because of the lead time provided. During FY 1986, the Deficit Reduction Act and the other Congressional reductions came simultaneously after well over half of the fiscal year had passed. By this time, the majority of the funds were obligated, leaving approximately 80% of the total FY 1986 program without any flexibility.

Question. The teacher contracts require the teachers to be paid for a certain number of school days, whether they occur in fiscal year 1986 or 1987, do they not?

Answer. Yes, 190 days.

EFFECT OF POSSIBLE FISCAL YEAR 1987 GRAMM-RUDMAN-HOLLINGS REDUCTION

Question. Depending upon the final 1987 funding level and whether a sequestration takes place for 1987, DoDDS could have a serious problem; would you agree? What contingency plans does DoDDS have to deal with that possible scenario?

Answer. Yes, DoDDS could have a serious problem. We are currently reviewing all aspects of our programs to identify areas which would be reduced in the event of sequestration. Regional directors have been advised to plan for reduced funding in FY 1987. The approach to budget execution in for the near term will be extremely conservative.

MASTER TEACHER PILOT PROGRAM

Question. Last year DoDDS requested funds for a Master Teacher program, which were denied by the Congress. This Committee directed DoDDS to report on the results of the pilot test being conducted in Panama. The report has been received and it represents something considerably less than a ringing endorsement of the Master Teacher program. The following are findings of the report:

Approximately 40 percent of the professionals were unwilling to serve in a Master Teacher Pilot Program (MTPP).

Professionals were basically uncertain about the viability of the MTPP as a career path.

Applicants accepted into the MTPP clearly thought that the program had caused morale problems, and about one-half of the other groups surveyed agreed.

There was a consensus that the MTPP should not be continued, and there was a downturn in the desire of teachers to reapply or to apply for the MTPP.

Briefly provide your analysis of the pilot test results and the plans DoDDS has for the future regarding a Master Teacher Program.

Answer. The Master Teacher Pilot Program in the Panama Region continues at this time with five teachers presently involved and six teachers being evaluated as possible future candidates. It is too early to fully assess the program, and DoDDS will not be in a position to assess the program until the pilot is completed in June 1987.

Question. Are any funds included in the fiscal year 1987 budget for a Master Teacher Program?

Answer. The Master Teacher Program continues to be funded at the 1986 level. No additional funds have been budgeted.

Question. Upon completion of the third year of the pilot program, does DoDDS intend to reassess the situation?

DoDDS will be sure to provide the Committee with any additional reports or analyses which are prepared after the end of the third year of the pilot program?

Answer. It is DoDDS' intention to reassess the Master Teacher Program both procedurally and cognitively at the end of the current school year. The Stufflebeam evaluations concepts will be used. At present, the program remains a pilot with no extensions or expansion into other regions. DoDDS will be sure to provide the Committee with any additional reports or analyses which are prepard after the end of the third year of the pilot program.

As previously stated, the Director, DoDDS, is closely monitoring the program in the DoDDS-Panama Region. An interim analysis of the procedural and performance aspects of the pilot program will be made at the conclusion of school year 1985-86. Following the final year of the trial implementation during school year 1986-87, there will be a comprehensive analysis of all data.

SECTION 6 SCHOOLS

Question. Is it correct that the responsibility for Section 6 schools, which was transferred to DoDDS on January 7, 1985, has been reassigned? And, if so, when and why did the reassignment take place?

Was there any noticeable resentment by the Army or the other Services of DoDDS management of the Section 6 program?

Answer. On February 26, 1986, the Assistant Secretary of Defense for Force Management and Personnel directed that management responsibility for the Section 6 Schools be assigned to the Office of Dependents Schools Policy in the Office of the Deputy Assistant Secretary of Defense for Family Support, Education and Safety. The Section 6 schools and the Department of Defense Dependents Schools (DoDDS) are two separate and distinct school systems, established under the provisions of separate legislation and for different purposes. With the reorganization of the Office of the Assistant Secretary of Defense (FM&P), a decision was made to separate the management of the two school systems under the same Deputy Assistant Secretary of Defense (FSE&S). There was no resentment by any the Military Services regarding DoDDS management of the Section 6 Schools program.

TEACHER SALARY INCREASES

Question. The total 1987 request for the Overseas Dependents Schools Program is $673,581,000, an increase of $94,178,000, or 16 percent, above the current 1986 estimate. Nearly 30 percent of the total program increase, or $25,301,000, in 1987 is for teacher salary increases. What percentage of teacher pay does the increase represent and how were the salary increases determined?

Answer. The increase is 8.5% of teacher pay or $25,301,000 more than salaries paid teachers in SY 1985-86. This increase includes $20,771,000 for base salary, $4,154,000 for benefits and alowances associated with teacher pay increases, and $375,000 for Foreign National Direct Hire pay increases. Salary increases for U.S. Direct Hires are based on the range of salaries paid teachers in school districts of 100,000 or more population. Foreign National Direct Hire pay increases are based upon local pay scales within each country.

ESTIMATED ENROLLMENT INCREASE

Question. The largest single educational program increase in 1987 is $17,315,000 for an estimated enrollment increase of 6,000 students. Isn't it true that this estimate was developed before the Gramm/Rudman/Hollings reductions took place and the Department of Defense reduced the planned number of permanent change of station moves?

Answer. Yes, it was developed before the Gramm/Rudman/Hollings reductions took place.

Question. As a result, isn't it possible this estimate may be overstated?

Answer. Yes, it is possible that the estimate may be overstated.

Question. Do you have any more recent data from the services on PCS moves which might revise the estimated student enrollment increase?

Answer. No, we do not have sufficient recent data.

GRADUATION REQUIREMENTS

Question. In 1987, DoDDS is requesting an additional $5,700,000 for increased high school graduation requirements. Please explain exactly how these funds would be used and the origin of the requirement.

Answer. DoDDS has responded to recommendations by several study groups including the U.S. Department of Education National Commission on Excellence in Education by increasing graduation requirements (from 18 to 20 units). DoDDS also is requiring that more courses be taken in such academic areas as mathematics, computer science, and science. To accomplish this, DoDDS proposes to increase the number of course offerings in these academic areas for regular students, for academically talented students, and for students having learning difficulties. The proposed increased staffing will allow DoDDS to add course offerings while maintaining the normal curriculum found in a comprehensive high school.

TALENTED AND GIFTED PROGRAM

Question. A total increase of $4,042,000 is requested for the Talented and Gifted Program in 1987. What is the total level of support for the Talented and Gifted Program? How many students do you expect to enroll in the Talented and Gifted Program in 1987? Explain the major program initiatives which would be accomplished with the additional funds.

Answer. Currently, costs for the Talented and Gifted Program are based on personnel expenditures. For FY 1986, the cost is approximately $4,654,000. Supplies and materials are included in the overall educational program costs. The increase of $4,042,000 includes $2,916,000 for personnel costs for 90 additional teachers, $946,000 for PCS costs, and $180,000 for start-up costs for new program sites. Based on the projected staffing for FY 1987, it is expected that approximately 18,000 students will be enrolled in the Talented and Gifted Program. This represents an increase of approximately 6,000 students over the number served in FY 1986. With this increase of students, DoDDS plans to implement the Triad Talented and Gifted Model with 12% of the DoDDS student population. The Triad Model is widely used in the United States to serve students with gifted behaviors. The goal of DoDDS is to have 15% of the population identified for Triad activities.

LUNCHROOM MONITORS

Question. Why does DoDDs believe it needs an additional $1,859,000 for school lunchroom monitors?

Answer. To provide monitors for lunchroom supervision, which is presently being accomplished by school staff and parent volunteers. Additional funds would provide for paid monitors during the lunch period in order to give teachers a duty-free period.

Question. Precisely what are the duties of the monitors?

Answer. Lunchroom monitors maintain a safe, orderly environment in school lunchroom areas through close supervision of students using thoses facilities.

Question. What is the average hourly pay of the monitors?

Answer. The average hourly pay is $5.58.

Question. How many hours per week do the monitors work?

Answer. Monitors would be employed for between 2½ and 12½ hours per week, depending on the size of the school and lunchroom facility.

Question. How much is DoDDS spending in 1986 on lunchroom monitors?

Answer. No funds have been appropriated for a lunchroom monitor program in 1986.

DRIVER EDUCATION

Question. An additional $1,502,000 is requested in 1987 for driver education. What is the base driver education program for 1986?

Answer. The purpose of the driver education program is to provide students with basic knowledge of driving safety, information about host nation traffic control regulations, and an awareness of driving etiquette. The driver education program for dependents overseas is divided into two components. DoDDS is responsible for the driver education classroom instruction, an optional course offering consisting of 30 hours of classroom instruction. The classroom instruction includes driving safety and methodology, applicable drug education, and legal requirements. The behind-the-wheel (BTW) component of the driver education program is the responsibility of the military installation. Typically, the Army and Air Force Exchange Services are the contracting agents for the BTW instruction, which most often will consist of 2 hours of actual BTW driving and 6 hours of observation.

The additional funds will be used to make driver education available to all dependents in all DoDDS high schools worldwide.

Question. What is the average cost per student of the driver education program and how does that average compare with stateside programs?

Answer. Driver education classroom instruction in DoDDS is currently offered to 1,926 students by 14 instructors in 35 high schools. The total program cost of $611,631 includes: instructor salaries—$560,000; materials—$51,631. The average cost per student for the driver education classroom program in DoDDS is $318. This compares to an average classroom instruction cost of $236 per student in Montgomery County, Maryland, and an average classroom instructional cost of $227 per student in the Alexandria, Virginia, public schools.

DODDS BUSING COSTS

Question. Nearly $40,000,000, or 6% of the DODDS requests, is budgeted for school bus transportation in 1987. The General Accounting Office has recommended that the Department of Defense ensure that busing cost comparisons and other analyses are performed in all overseas communities where students are bused to DODDS and that military communities forward the results of the analyses to DODDS regions with explanations if the lowest cost alternative is not selected.

Has this recommendation been implemented?

Do you believe it has helped to control DODDS busing costs?

Are you confident that DODDS and the military services are doing all that they can to limit busing expenses?

Answer. The Military Departments were instructed by the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) to implement this recommendation on November 8, 1982. Each military department has indicated that actions were taken to implement the recommendations in early 1983.

The implementation of the recommendation has been accomplished with varying degrees of success. DODDS regions are reviewing cost analyses which have been submitted to them. In some cases, comprehensive cost comparisons were performed in a conscientious manner and cost effective decisions were made and implemented. In other cases, the comparisons contained methodological or analytic deficiencies that have resulted in suboptimal management decisions.

Since the implementation of the recommendation has reflected varying degrees of success, it is not apparent that everything possible is being done to limit busing expenses. Until all analyses achieve a consistently high level of quality, it is unlikely that full confidence can be attained.

MANAGEMENT IMPROVEMENTS

Question. Another increase requested for 1987 is $5,139,000 for management improvements.

Exactly how will these funds be used? For example, how much for contracts, how much for equipment, etc.?

Answer. These funds will be used to carry out DoD-directed actions and Inspector General findings as indicated below:

Salaries/Benefits	$3,651,000
TDY	30,000
ADP Equipment Maintenance	1,018,000
Supplies	70,000
PCS	370,000
Total	5,139,000

FISCAL YEAR 1986 CLASSROOM COMPUTER PROCUREMENT

Question. During a review of the DoDDS fiscal year 1986 budget, this Committee was informed that $6.2 million of the $7.1 million requested for new programs was for the purchase of computers for classrooms. The Committee also learned that the purchase of these microcomputers was approved by the Defense Resources Board (DRB) for fiscal year 1987, not 1986. During the conference deliberations on the fiscal year 1986 DoD appropriation, the conferees agreed to provide $3.5 million to purchase computers for classrooms. The conferees agreed that a $3.5 million in funding was adequate for the total program requirement and that no funds to purchase computers for classrooms would need to be included in the fiscal year 1987 budget request.

Are there funds included in the fiscal year 1987 budget for the purchase of computers?

Answer. Yes, $6.4 million has been included in the FY 1987 budget.

Question. Why did DoDDS include money to purchase computers in 1986 when the program had not been approved until 1987?

Answer. The DRB approved the purchase of equipment for computer education in FY 1986 and for computer based instruction in FY 1987. The equipment purchased in FY 1986 is for computer education as approved by the DRB.

Question. How many computers will this $3.5 million purchase? Is this just hardware or does it include software? If there are additional costs for software, what are those costs in fiscal year 1987 and in future years?

Answer. In FY 1986, DoDDS will purchase a mimimum of 1,750 microcomputer work stations at approximately $1,500 per station for a total cost of $2,625,000. The remainder of the $3.5 million will be spent for instructional software, in service training, and computer-related furniture and security systems. No additional expenditures for instructional software are planned for fiscal year 1987; however, in FY 1988-91, instructional software costs are expected to total approximately $300,000 to support the program.

Question. What is the intention of DoDDS in the purchase of computers for classrooms in future fiscal years? What is the total number of computers purchased and the total dollar amount required for both the purchase of hardware and software? Please provide a breakout of the hardware to be purchased by fiscal year and by appropriation and the software to be purchased by fiscal year by appropriation.

Answer. DoDDS may need to purchase additional computers for classrooms in future fiscal years with a planned purchase of a minimum of 1,750 microcomputer work stations. In FY 1986, the DoDDS system-wide work station average will be 1 work station per 38 students. According to recent studies published in the "Electronic Learning Magazine" (May/June 1986), this FY 1986 acquisition will bring the DoDDS student-per-microcomputer average from that which is equivalent to schools in America having few microcomputers (i.e., lowest 36th percentile with over 60 students per microcomputer, such as Louisiana and Mississippi) up to the 50th percentile like schools in such states as Minnesota (29), Wyoming (30), and South Dakota (34), that have more microcomputers. To maintain this desired ratio through 1991, it will be necessary to consider the replacement of obsolete and deficient classroom microcomputer work stations which were originally purchased in FY 1982. The anticipated annual volume of needed acquisition for replacement purposes beginning in FY 1988 is estimated at 12% of the current number of computers in use.

PRIOR CLASSROOM COMPUTER PURCHASES

Question. How many classroom computers were purchased before fiscal year 1985? Are those computers still in use?

Answer. Prior to FY 1985, 1,374 classroom computers were purchased, and these are still in use.

CLASSROOM COMPUTER DISTRIBUTION

Question. What is the plan for distributing these computers to the classrooms? Does DoDDS plan to concentrate on placing computers in the junior and senior level classrooms or are they planning to include lower levels?

Answer. This plan will distribute computer work stations for use in all instructional areas across all grade levels. However, the planned distribution of 1,750 computer work stations proportionally favors the secondary school grades, 7-12; that is, 595 computers for use by 49,486 secondary students compared with 1,155 computers for use by 100,425 students of the elementary grades, K-6.

CLASSROOM COMPUTER PLAN

Question: Please provide this Committee with a plan for the placement of these computers in the various classrooms. The Committee is most concerned with when and where computers will be placed after purchase.

Answer. The regional allocations of classroom computers are based upon proration to regional student enrollment, expressed as a percentage of total DoDDS student enrollment. The planned distribution by region, based upon the minimum purchase of 1,750 computers, is as follows:

Germany	1,006
Pacific	310
Atlantic	185
Mediterranean	163
Panama	86
Total	1,750

Specific requirements have been established to ensure that all instructional areas in elementary, junior high, and high schools will be included in the computer based instruction implementation plan. The equipment will actually be placed in computer and science labs, teacher classrooms, libraries, and guidance, career, and media centers.

It is anticipated that the placement of the equipment will be accomplished during the 1986-87 school year and that the equipment will be fully operational in school year 1987-88 in all sites.

FISCAL YEAR 1986 OFFICE AUTOMATION

Question. Also included in the $7.1 million for new programs in FY 1986 was $150,000 for office automation. Please provide this Committee with data on what equipment was purchased, what software was purchased to go with this equipment, and where the equipment was placed. Is this part of a larger effort to automate the above-school-level administration?

Answer. DoDDS requested Operations and Maintenance funds for office automation in fiscal year 1986 in direct support of above-school-level minicomputers which were approved as part of the FY 1986 Procurement Appropriation. These funds were to be used to provide maintenance contract support for the equipment.

OFFICE OF THE SECRETARY OF DEFENSE

CONTRACT STUDIES AND ANALYSES

Question. What are the total amounts budgeted for studies done for OSD? Please provide data for fiscal years 1984, 1985, 1986, and estimates for fiscal year 1987.

Answer:

O&M Amounts Budgeted:	
Fiscal year 1984	$11,059
Fiscal year 1985	[1] 11,741
Fiscal year 1986	12,157
Fiscal year 1987	14,440

[1] Represents actual obligations.

Question. What agencies receive their contract studies and analyses funding from the OSD contract studies and analyses pot? Please break out the estimated fiscal year 1987 expenditures on contract studies and analyses for each of these agencies.

Answer. None. Only the Office of the Secretary of Defense receives contract studies and analyses funding from OSD O&M and RDT&E funds.

Question. An October 24, 1985, report in the Washington Post claimed the Defense Department planned to spend up to $100,000 for a study entitled "Mikhail Gorbachev—The Formative Years." This study was based on recollections of an emigre who hasn't seen the Soviet leader for 30 years. Did the Department ever buy this study?

Answer. OSD did not "buy" the study, nor did any other organization. However, clarifying remarks are in order with regard to the type of study in question. The Office of OSD Net Assessment must prepare assessments of the U.S. and Soviet military competition. To prepare these assessments, with the objective of providing defense decisionmakers with accurate and informed alternatives for military policy formulation, it is essential that analysts know and understand Soviet behavior motivation, intentions, and how the Soviet political leadership make policy decisions. Because the USSR is a closed society, such knowledge and understanding are in great degree attainable only through research and analysis on the many facets of the Soviet empire. This research and analysis must frequently go beyond purely military concerns and delve into other aspects of Soviet conduct to include changes in Soviet leadership which will impact upon military policy, and the motivating factors which steer Soviet decisionmaking. There are many aspects of Soviet life that affect the conduct of Soviet military affairs—aspects that must be understood to allow comprehensive and meaningful military assessments for use in the U.S. defense policy formulation process. One such method called "Operational Code" involves gathering as much biographic data about individuals on how and what decisions they have made, on their decisions and career behavior patterns, and political modus operandi in order to discern, if possible, a pattern which might allow future anticipation or "prediction" of their reactions to certain events. In this respect, the above study was not only appropriate but based on a recognized and successfully used methodology. Studies to support the defense net assessment programs are conducted using RDT&E and O&M appropriations.

Question. Did the OSD historian program request OSD to fund the purchase of this study on Mikhail Gorbachev?

Answer. No. It was the Office of the Director of Net Assessment that was considering the study "Mikhail Gorbachev—The Formative Years."

Question. Please provide a list by title and dollar amounts for all the contract studies and analyses that were contracted in fiscal years 1984, 1985, and 1986. Please provide a list by title and dollar amounts for all studies and analyses that are to be contracted in fiscal year 1987. Please provide the breakout of dollar amounts by appropriation.

Answer.

Fiscal Year 1984 O&M

Title of Contract	*Thousands*
Under Secretary for Research and Engineering:	
Defense Communication System (DCS) Issues	$250
Improvement of the Department of Defense Acquisition Process	270
Deputy Under Secretary for Policy:	
Role of Nuclear Weapons and NATO Strategy	59
Support for OSD Executive Aids (Crisis Management Support)	20
PPBS analysis Support to DUSD(P) Policy	49
Assessment of Current Nuclear Weapons Employment Policy	61
Implications of Soviet Declaratory Military Policies as contained in Open Source Literature	98
Industrial Mobilization Manual	40
Control of Unclassified Technology with Military Applications	100
DoD Crisis Management and Network Planning activities	25
Cost Model for the Space Transportation System/DoD Utilization Aspects	119
Assistant Secretary (International Security Affairs):	
Security Assistance System	10
Soviet Military Doctrine and Strategy Against the West (co-funded with ISP and DUSD/P)	404
Assistant Secretary (International Security Policy):	
Military Industrial Base Support	55
Soviet Style Assessments	25
Director of Net Assessment:	
Defense Policy Alternatives	140
Rand Strategy Assessment Center (Jointly funded with Other OSD Offices)	3,400
Assistant Secretary (Health Affairs):	
Demonstration of Phase 1—Screening Secondary Data Base (Quality of Medical Care Assessment System)	42
Quality of Care Measures (Modification of a FY83 contract)	10
Assistant Secretary (Manpower, Installations and Logistics):	
Joint Marketing Research Program:	
National Longitudinal Survey	112
Microanalysis of Enlistment Decisions and First Term Success	100
Analysis of Market Survey and Intention Information	75
Recruiting Resources Data and Analysis Support	68
Recruiting Effects of Local Advertising	75
Analysis of 1983 Applicant Survey	50
Other ASD (Manpower, Installations and Logistics) Studies:	
Architects and Engineers Incentives Study	40
National Longitudinal Survey of Youth Labor Force Behavior (Waves 6-8)	200
Analysis of the Readiness of New Systems	50
Analysis of Fuels Planning and Management Factors Related to NATO Participation	34
Standardization of Fuels in NATO	35

Title of Contract	*Thousands*
Development of a Measure of Manpower Readiness and Its Relation to Resources Expended	150
Technical Support for All Volunteer Force Conference	18
Development of Wartime Manpower Planning System	170
Mobilization Manpower Planners' Handbook (First Increment Funding)	100
Mobilization, Deployment, and Sustainment Information System	62
OSD Sub-System of the World Wide Command and Control Architecture	200
Analysis of the US Army Force Structure Change, 1916–1985	25
Cost Analysis of Full Time Support to the Reserve Components	25
Emergency Action Package for Reserve Mobilization	25
Development of Guard and Reserve Performance Indices	74
Variable Housing Allowance Survey—1984	156
Manpower Studies at the Defense Manpower Policy Research Center at the Rand Corporation	1,205
Logistics Policy Research and Analysis at Logistics Management Institute	2,041

Fiscal Year 1985 O&M

Title of contract	*Thousands*
Under Secretary For Research and Engineering:	
Two-Way Defense Trade Impact Study	$100
Signal Processing Technology Investment Strategy Study	150
Women and Minorities in Scientific/Engineering Fields	300
Manufacturing Technology Program Information Support	95
Productivity Improvements Initiatives	175
Assistant Secretary (Command, Control, Communications and Intelligence):	
Defense Communications System (DCS) Issues	250
Deputy Under Secretary for Policy:	
DoD Emergency Preparedness Program Guidance	128
Correlation Between Defense Guidance Objectives and Resources	70
Civilian Military Evaluation Exercise Present Arms	75
The Military Use of Space in Present Soviet Stragegic Calculations	199
DoD Security Commission Report	3
Director of Net Assessment:	
Defense Policy Alternatives	160
Rand Strategy Assessment Center (Phase II)	922
Soviet Emigre Interview Project	1,685
Measures of Effectiveness	300
Nuclear Force Alternatives	100
Political-Military Conflict Scenarios (Phase I)	150
Wargaming	150
Assistant Secretary (Comptroller):	
Defense Acquisition Executive Summary Management Plan	100
Joint Study With Naval Material Command Analyses of Contract Histories	50
Assistant Secretary (Health Affairs):	
Survey of Alcohol and Drug Abuse	553
Force Sizing Methodology and Economic, Analysis Procedures	172
Quality Assurance Reviews	35
Director of Program Analysis and Evaluation:	
Space and Strategic Defense Systems Cost Analysis	300
Assistant Secretary (Manpower, Installations and Logistics):	
Joint Marketing Research Program:	
Youth Attitude Tracking Study (Wave 16)	936
National Longitudinal Survey (Annual)	198
Recruiting Resources Data and Analysis Development Support	175
Enlistment Decisions of Women (Phase I)	100
Other ASD (Manpower, Installations and Logistics) Studies:	
Total Compensation Comparability Between Military Persons and Private Sector Employees	285
Mobilization Manpower Planners' Handbook (Phase 2)	129
Depot Maintenance Shop Capacity Measurement	5
Update of the Military Compensation Background Papers for the 6th Quadrennial Review of Military Compensation	175

Title of contract	*Thousands*
Wartime Air Container Movement Requirements in the Year 2000 (Phase 1)	125
Petroleum Disruption Response System	150
Determining Biases Against Capital Investment	125
Fuels Productivity and Availability	83
Military Manpower Accession Mobilization Planning	91
Office of Conversion Feasibility Study:	
Defense Industrial Worker Assistance Programs	20
Previous Defense Industrial Conversion Experience	15
Special Worker Adjustment Assistance	20
Prompt Implementation of New Technologies	25
Current State and Local Economic Development Process	20
Previous Community Economic Adjustment Experience	25
Quality of Life of Military Families	30
Assistant Secretary (Reserve Affairs):	
Total Force Issues, Analyses, Data	85
Equipment Compatability	220
Medical Capability	430
Full Time Support Costs	25
Technical Logistic Skills	150
Unit Priority System	240
Training Strategies	140
Training Technology	103
Total Force Mission Criteria	180

Fiscal Year 1986 O&M

Title of Contract	*Thousands*
Under Secretary For Research and Engineering:	
Guidelines for the Development and Acquisition of Computer Based Training Equipment (Simulators) and Devices	$350
Two-Way Defense Trade Impact Study	50
Assistant Secretary (Command, Control, Communications and Intelligence):	
Defense Communications System Issues (DCS)	220
Space Launch Cost Model (Joint Funding with OUSD(P))	188
Deputy Under Secretary for Policy:	
Emergency Action Packages	100
Exercise Present Arms	100
NDSG Support	30
Assistant Secretary (International Security Affairs):	
Measures of Defense Output/Burdensharing	39
Correction Between Defense Guidance Objectives and Resources (Phase 2)	10
Assistant Secretary (International Security Policy):	
Measures of Defense Output/Burdensharing	111
Wargaming (Continuing Effort)	79
Director of Net Assessment:	
Defense Policy Alternatives (Phase 2)	190
Soviet Emigre Interview Project (Phase 2)	350
Intelligence Oversight Issues	81
Wargames for Defense Decisionmaking (Joint with ISP)	359
Political-Military Conflict Scenarios (Phase II)	150
Review of Military Compensation (To Support FM&P)	300
Assistant Secretary (Health Affairs):	
Analysis of an At-Risk Reimbursement System	126
Structural Revision to the CHAMPUS-funded Care Delivery System	128
Medical Service Catchment Area Management Study	238
Director of Program Analysis and Evaluation: Space and Strategic Defense Systems Cost Analysis (Phase 2)	164
Assistant Secretary (Force Management and Personnel):	
Joint Marketing Research Program:	
Youth Attitude Tracking Study (Wave 17)	1,190
Recruit Market Network Common Data Acquisition	79
Training in Error Estimation with ACORN Geodemographic Data	71
Assessment of Physical Qualifications for Enlistment	225
Other ASD (Force Management and Personnel) Studies:	
Variable Housing Allowance Survey	200

Title of Contract	Thousands
Joint Duty Assignments Study	103
Civilian Mobilization Preparedness Improvement Program	7
Measurement of Productivity at the Activity Level	150
Technical Support of 1986 Mobilization Manpower Acquisition Exercise	100
Efforts of Morale on the Productivity of the Civilian Workforce	100
Development of a Comparative Model for PCS Costs and Reimbursements	100
Aviator Requirements Determination	100
Tuition Assistance Program Analysis	75
Improving the Effectiveness of DoD Quality Circles	100
Adequacy of Military Compensation	150
Development of Information for the Survivor Benefit Plan	100
Assistant Secretary (Acquisition and Logistics):	
ADP Logistics Interoperability	100
Aircraft Capacity Study	100
War Air Container Movement Requirements (Phase 2)	125
Production Measure Incentive Methodology	200
Industrial Preparation Plan Support	200
Assistant Secretary (Reserve Affairs):	
Reserve Components and National Strategy	70
Private Sector Concepts	50
Equipment Compatibility (Phase 2)	170
Mobilization Graphic Representation	75
Reserve Components Survey	300
Full Time Support (Phase 2)	25
Performance Indices	125
Reserve Components Training Technology	200

Fiscal Year 1987 O&M

Title of Contract	Thousands
Under Secretary For Research and Engineering:	
Guidelines for the Procurement and and Acquisition of Computer Based Training Equipment (Simulators) and Devices	$100
Two-Way Defense Trade Impact Study	50
Assistant Secretary (Command, Control, Communications and Intelligence):	
DCS Issues (Phase 3)	220
Space Launch Cost Model (Phase 2)	188
Deputy Under Secretary for Policy:	
Emergency Action Packages	182
An Analysis of the DoD Personnel Security Program	100
Review of Crisis Management Support	100
Intergovernmental Mobilization Planning	100
Emergency Procurement Budget	50
Exercise Planning and Evaluation	200
Assistant Secretary (International Security Affairs): Measures of Defense Output/Burdensharing (Phase 2)	176
Assistant Secretary (Comptroller):	
Development of Advanced Cost Performance Measurement Analysis Methodology	250
Defense Acquisition Management Issues	264
Assistant Secretary (Health Affairs): Survey of Alcohol and Drug Abuse	503
Director of Program Analysis and Evaluation: Cost Analysis Data Base	203
Assistant Secretary (Force Management and Personnel):	
Joint Marketing Research Program (Continuing):	
Youth Attitude Tracking Study (Wave 18) (Continuing)	1,211
Recruit Market Network Common Data (Continuing) Acquisition	251
Segmentation Analysis of Market Intention and Enlistment Behavior	75
Enlistment Decisions of Women Phase II	75
Postsecondary Decisions of Youth	100
Other ASD (Force Management and Personnel) Studies:	
A Model Relating to Reserve Compensation and Retirement to Reserve Retention	225
Officer Force Trends	150

Title of Contract	*Thousands*
Alternative Enlistment Terms for Active Duty Military Personnel	150
The Income Levels of Military Families Relative to Civilian Families	150
Technical Support for Civilian Personnel Office of the Future Experiment	125
Technical Support for the Sixth QRMC Study	225
Comparative Costs of In-House Organizations Vs. Contractors for Industrial Services	140
Assistant Secretary (Acquisition and Logistics):	
Small Business Innovation Research	50
Logistic Systems Interoperability Requirements	200
MAISRC Preparation Standards	150
Logistics Intelligent Gateways	150
Industrial Preparation Planning Analysis	150
Assistant Secretary (Reserve Affairs):	
General Analysis and Exploratory Startups	70
Materiel and Facilities	95
Manpower and Readiness	330
Readiness and Training	330

Fiscal Year 1984 RDT&F

Title of Contract	*Thousands*
P.E. 65104D—OUSD (R&E):	
DOD—Wide Assessment of Key Aerospace Technologies	$50
Analyses in Support of Long-Range Resource Planning	200
NATO Counterair System & Operations	235
Indications & Warning & Tactical Intelligence Planning	515
Technial Analysis & Support Documentation MCTL	200
Technical Analysis & Support for Export Control	100
Analytic Support for OUSDR&E—IC Interactive Developments	150
Acquisition Research Program (LMI)	330
Prioritization of the MCTL Critical	70
Development of a Plan for an Industrial Mobilization Exercise	20
Improved Conventional Munitions Capabilities	250
Technologies Most Urgently Requiring Control	50
Development of a Military Significant Emerging Technologies Program (Phase 1)	149
Long-Range Resource Requirements Planning for Nuclear Weapons	225
Interdiction Target Characterization & Classification	500
Software Technology Transfer Study	80
Development of Earthquake Preparedness & Response Measures (Phase 1)	150
Development of an Industrial Mobilization Manual (Phase 1)	40
Major Systems Acquisition Management Structure	100
NATO Counterair System & Operations	6
Evaluation of Advanced Systems Concepts & Force Options for Land & Sea	130
Chemical Warfare Program Analysis Followup	25
DoD-Wide Investment Options for Aerospace Sensor & Signal Processing Technology	100
Assessment of the Net Impact of Technology Transfer on US/USSR Military Balance	150
Analytical Support for Generating Management Reports	228
Analyses in Support of Long-Range Resources Planning	466
Comprehensive Famework for Armaments Cooperation	99
Assessment of Radar Capabilities & Vulnerabilities	225
An Analysis of the Trends in the Relative Capabilities of U.S. Conventional & Theater Nuclear Weapons Systems	50
Acquisition Research Program (LMI)	332
Technical Analysis & Support Documentation MCTL	58
Radar Technologies Alternatives	280
Logistics Research Program (LMI)	2
DoD—Wide Investment Options for Aerospace Technology Base Programs	50
Detection Evasion & Surveillance Problems for Moving Targets	150

Title of Contract	*Thousands*
Interagency Agreement w/Commerce—Interagency Computerized Data Base	50
NATO Counter-air Modernization Master Plan	100
Impact of Export Control on Industrial Research	35
Non-Defense Technology	16
NATO Military Mission Area Planning Framework for the FOFA Concept	19
P.E. 65106D—General Support, PA&E:	
SIMSTAR/DMMS Enhancements	30
Resources-to-Ship Training Readiness	121
Development of non-U.S. NATO Force Projections	115
MDEIMS: Documentation and Automation	24
Validations of the DEIMS	46
Estimating Costs for Operational Support Airlift within CONUS	31
Evaluation of Ground and Air Forces for Contingency Operations	150
Options for Enhancing Future U.S. Space Defense Capabilities	77
NATO Divisions of Labor II (Jointly Funded)	20
Comparative Force Modernization	120
TacAir Weapons Systems—The People Aspect AF Academy	15
Evaluation of Advanced Systems Concepts & Force Options for Land & Sea	130
Evaluation of Methods for Projecting Lead Times	45
Defense Industry Indirect Cost Study	134
Options for Strategic Air Defense of North America Consistent with Presidential Guidance on Defense Against Ballistic Missiles	197
Operating and Support Cost Research Study	117
Aircraft Performance Characteristics (Phase I)	24
Navy Force Structure Resources Analysis	150
Major Acquisition Program Cost Research	80
Research and Analysis of Major Acquisition Program Costs Reported in Selected Acquisition Reports	29
Analysis of U.S. and Soviet Modernization Rates-Cost Growth Trends	62
TacAir Weapons Systems—The People Aspect	60
Documentation of the DEIMS Translator	45
Assessment of Helicopter Anti-Armor Tactics in Terms of Cost and Effectiveness	100
P.E. 65107D—Policy:	
Alternative Divisions of Labor in NATO	144
Integrated Defense Policy Research (Continuing)	1,000
Integrated Long-term Strategy (Continuing)	952
Navy Force Structure	75
Industrial Mobilization Manual	40
Soviet Strategic Deception	31
European Neutrals Contribution to Allied Defense	8
Domestic Security in El Salvador	10
Impact on U.S. Policy on Terrorist Behavior	99
Intergovernment Mobilization Manual	40
INF Verification Support	100
Electronic Warfare Assessment—Policy Implications	80
Soviet-Cuban Strategy in the Third World After Grenada	40
Mass Interment in the Soviet Union	10
West African Coastal Surveillance	120
Factors Influencing National Security Decisionmaking	9
Wargaming Support (Continuing)	68
Military Exercise Planning and Evalution	108
Soviet Global Strategy Against NATO and Asia	256
Soviet/Cuban Policies in Central America	430
Soviet Policies in the Asia-Pacific Region	57
Ballistic Missiles Defense and the Arms Race	39
Strategic Analysis of Ballistic Missiles Defense	30
Integrated Long-Term Assessment of Defense and Foreign Policy Requirements (co-sponsored with NDU)	140
P.E. 65108D—General Support, Net Assessment:	
Historical Records Analysis	106
CLASSIFIED	220
CLASSIFIED	100

Title of Contract	*Thousands*
U.S./Soviet Naval Data Base	250
CLASSIFIED	500
CLASSIFIED	200
CLASSIFIED	40
CLASSIFIED	203
CLASSIFIED	250
CLASSIFIED	75
CLASSIFIED	99
Trends in Conventional & Nuclear Weapons	50
CLASSIFIED	75
CLASSIFIED	32
CLASSIFIED	87
CLASSIFIED	99
CLASSIFIED	155
CLASSIFIED	83
CLASSIFIED	65
CLASSIFIED	337
C^3I Capabilities and Vulnerabilies	100
CLASSIFIED	75
CLASSIFIED	100
CLASSIFIED	60
CLASSIFIED	100
Wargaming	68
Military Decisionmaking Process	30
CLASSIFIED	62
P.E. 65109D—Manpower, Installations and Logistics:	
Evaluation of Effects of Lifting Industrial Fund Civilian Ceilings	54
Productivity Program Issues Evaluation	35
Quantification of Productivity Enhancing Capital Investment Potential	97
Analysis of DoD and Private Sector Position Management Policies and Processes	50
Feasibility Study on Quality of Scientists and Engineers in DoD Laboratories	10
Scientific Basis for Risk Assessment and Standards Establishment	175
Improved Base Operations Productivity thru Competition	168
Projections and Analysis on the Demand for Manpower Early in the Acquisition Process (Phase III)	106
Ten-Year Plan for the Military Manpower Entry Process (Phase I)	125
Linkage Between Unit, Crew, and Individual Training (Phase III)	72
Training Effectiveness Analysis (Phase II)	150
Methods of Training	100
Logistics R&D and Weapons System R&M Improvement	200
Development of Job Performance Measures of the Navy Radioman Rating	75
Survey of Military Families (First Increment Funding)	415
Intergovernmental Mobilization Planning (First Increment Funding)	40
Assessing the Peacetime Material Readiness and Wartime Sustainability of U.S. Air Forces: (Phase II)	100
Mobilization Mail-Gram System Surge Capacity	150
Logistics Capability Spares Model	98
P.E. 01015D Technology Transfer Functions:	
Software Development for FORDTIS (Foreign Disclosure Technical Information System)	198
Technical Analysis for Support Documentation for Export Control	40
DoD County Policy Studies	20
COCOM Headquarters Moderniation	1,899
GSA Management Support Service	395
Export Case Precedent Policy Manual	300
Assessment of the State of Technology in the FRG Machine Tool Business	2
Strategy & Tactics of the Japanese Super Computer Industry	34
Export Case Precedent Project	220

Fiscal Year 1985 RDT&E

Title of Contract	*Thousands*
P.E. 65104—OUSD(R&E):	
Technology Applications Which Improve Conventional Munitions Capabilities & Provide a More Effective Mix of Weapons	$120
Develoment of Guidance for Technologies Urgently Requiring Control Guidance (Phase 2)	100
Analyses in Support of Long-Range Resource Plng (Phase 2)	200
Development of Lethality Assessment Criteria for Deep Strike Weapons Systems	99
Analysis of NATO's Near-Term Air Defense Plans	10
Analyses for Mission Delineation of NATO Air Defense Forces	10
Options for Linking DoD PPBS & NATO PAPS, Improving NATO Arms Cooperation & Accomplishing RDA Initiatives	60
International Comparative Analysis of State-of-the-Art in Software & Mobile Power Sources for Military Applications	100
Interdiction Targeting & Execution (Phase 2)	500
Acquisition Research Program (LMI)	595
The Impact of National Security Controls on International Technology Transfer	100
Implementing the Support Baseline Concept	100
Development of Earthquake Preparedness & Response Measures (Phase 2)	50
Evaluation of Japanese Technology	30
Support to OSD for Modification & Analytical Useage of the Defense Resource Model	65
Cooperative Programs In Relation to NATO Air Defense	10
Development of Mission Area Assessment Methodology	99
NATO Military Mission Area Planning Framework for the FOFA Concept (Phase 2)	26
Intergovernmental Mobility Planning	10
To Identify & Assess Emerging Technologies Important to Military Applications	335
Deep Attack of Tactical Ballistic Missiles	90
Combining the FAR & the DFARS	25
Militarily Significant Emerging Technologies (Phase 2)	14
Support to NATO Defense Research Group	5
Industrial Mobilizaton Manuals (Phase 2)	10
P.E. 65106D—General Support, PA&E:	
Lower Tiers of the Defense Industrial Base	30
ECM Enhancements to AWACS Module in STRAT Defender	34
Estimated Costs Operational Support Airlift Within CONUS	44
O&S Cost Research Study (Phase 2)	36
Tactical Fighter Energy Manueverability Analysis	100
TASCFORM—Methodology for Assessing Military Force Modernization	134
Electro-Optical, Missile, Radar and Avionics Systems Cost Research	134
Boost and Midcourse Ballistic Missile Defense Simulation	175
Aircraft Performance Characteristics (Phase 2)	55
Defense Industry Indirect Cost Study (Phase 2)	55
P.E. 65107D—Policy:	
Integrated Long-Term Strategy Future U.S. Conventional Force Structure (Continuing)	1,382
Future U.S. Conventional Force Structure	50
Review for Defense Interests of Soviet & East European Emigre Press	80
Military Assistance as a Political Instrument in the Middle East	10
Strategic Defense Policy Studies	406
Fault Lines in the Soviet Union	50
Defense Electronic Components	43
The Soviet Union and the Third World	90
Theater SDI	666
Targeting Constraints Criteria	250
Independent European Military Balance Assessments	41
Defense Emergency Procurement Budget	37
U.S. Defense Interests in the Pacific (co-sponsored with the National Defense University)	26
Soviet Behavior in Conflict Situations (co-sponsored with State)	15

Title of Contract	*Thousands*
Intergovermental Mobilization Planning	40
Defense Implications of Soviet/Cuban Policies in Central America	23
Soviet/Cuban Strategy in the Third World After Grenada (co-sponsored with Naval Postgraduate School)	15
Soviet Military Power and Soviet Strategy Against NATO	124
COCOM Secretariat Modernization	68
Strategic Imperatives in the South Pacific	88
Defense Guidance Process Issue Study	95
New Approaches to Low Intensity Warfare	75
Guerrilla War in Chad	3
Defense Automated Case Review	132
Integrated Long-Term Assessment of Defense & Foreign Policy Requirements (co-sponsored with NDU)	99
A Different than Expected Soviet Attack on Northern Europe	50
Country X Options for Modern Arms	24
Counterterrorism Decision Support Training	166
The Soviet Art of War in the 1980s	71
Understanding Japanese Security Management	18
Dynamics of Soviet Military Policy Formulation & Execution in Africa	100
Security of Military Assistance Shipment	42
P.E. 65108D—General Support, Net Assessment:	
U.S./Soviet Naval Data Base	177
CLASSIFIED	216
CLASSIFIED	165
CLASSIFIED	152
CLASSIFIED	72
CLASSIFIED	77
CLASSIFIED	81
Wargaming	190
CLASSIFIED	700
CLASSIFIED	625
Trends in Conventional and Nuclear Weapons	50
Military Decisionmaking Process	25
CLASSIFIED	130
CLASSIFIED	250
CLASSIFIED	40
CLASSIFIED	100
CLASSIFIED	84
CLASSIFIED	133
CLASSIFIED	86
CLASSIFIED	98
CLASSIFIED	90
CLASSIFIED	50
CLASSIFIED	194
U.S./USSR Tactical Aircraft Performance	15
P.E. 65109D—Manpower, Installations and Logistics:	
Resources-to-Ship Training Readiness	61
1985 Survey of Officer and Enlisted Personnel and the 1985 DoD Survey of Military Spouses	450
Automated Training Data Base Analyses/Methodology for Evaluating Training	200
Future Prospects for Defense Airlift Augmentation	46
Ten Year Plan for the Military Entry Process (Phase II)	50
Improved Base Operating Productivity Thru Competition: Excellent Installations thru Peer Competition	250
Development of Measures of On-the-Job Performance	125
Equal Opportunity Occupational Task Analysis	300
Technical Support of the Wartime Manpower Planning System	205
Analysis of DoD Civilian Retention	128
Defense Enlisted Personnel Analysis System: Bonus Support Module	106
Analysis of Savings from the Efficiency Review Program	125
Coordinating and Roadmapping DoD's Civilian Personnel Research	20
Intergovernmental Mobilization Planning	50
Assessing the Effectiveness of the Incentive Awards Program	90

Title of Contract	*Thousands*
P.E. 65110D—Critical Technology: MCTL Supporting Documentation	196
P.E. 01015D—Technology Transfer Functions:	
Automated System for Assessing the Impact of Technology Transfer on Western Security	350

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Title of Contract	*Thousands*
P.E. 65104—OUSD(R&E):	
Issues Associated with Contingency & Peacetime Deployment of U.S. Binary Chemical Munitions Worldwide	$150
Nuclear Weapons Stockpile Analysis	75
Technical Concerns with Chemical Warfare	250
Nuclear Weapons Proliferation	85
Investing R&D Resources in Emerging Technologies	400
Militarily Significant Emerging Technologies Program (Phase 2)	275
Bomber Force Modernization	250
Resolution of Compliance Issues	300
Bomber Surge Initiatives	350
Technical Assessment of Arms Control Proposals	300
Develop Integrated Systems for DoD Conventional Munitions Planning & Management	305
NATO Refined Program for Air Defense (Phase 2)	320
Advanced Systems Concepts for Maritime Antiair Warfare	125
Theater Engagement Systems Architecture	750
Stand-off Attack Concept Integration	152
Targeting Tactical Ballistic Missiles	250
Infantry Battalion Weapons Mix	300
P.E. 65106D—General Support, PA&E:	
STRAT DEFENDER	100
SIMSTAR C^3	80
Evaluation of Advanced Systems Concepts Maritime AAW	125
Resources-to-Ship Training Readiness	92
Electro-Optical, Missile, Radar and Avionics Systems Cost Research	66
Helicopter Cost Data Base	150
Tactical Fighter Range Payload Analyses	150
TASCFORM	134
O&S Cost Research Study (Phase 3)	36
Defense Industry Overhead Analysis Data Bases and Cost Estimating Methodologies	239
Naval Aviation Supportability—Resource to Readiness Analysis	79
P.E. 65107D—Policy:	
Integrated Defense Policy Research (Continuing)	1,114
Integrated Long-Term Strategy (Continuing)	1,509
Modernized Western Independent Deterrents	185
Security Implications of Current Issues in Jordanian-Palestinian Relations	66
Allied Limits on U.S. Military Access	140
Low Intensity Warfare in Central America (Classified Portion)	140
Strategic Analysis Simulation	150
Enhanced Deterrence of Conventional War	150
Strategic Assessment of Long-term US/USSR Competition	150
Conventional Arms Control	10
Threats to Turkish Military Security	100
Assessment of Security Implications and Applications within the DoD Arms Transfer Process	31
New Strategy Development Group	30
New Technologies and the Economics of Defense	422
Enhanced NATO Armaments Cooperation	80
Implications of Soviet Arms Control Violations for Future Strategic Arms Control Treaty Text	150
Soviet Military Power & Soviet Strategy Against NATO (Follow-on)	66
Use of Missile Volume & Launch Weight in Arms Control	200
PLO Terrorist Threat and Its Implications for U.S. Security (1973-1990)	9
Factors in National Security Decisionmaking (Phase II)	9
U.S. Policy Towards Arms Control Treaty Violations	100
Study on U.S. Nuclear Strategy	222

Title of Contract	*Thousands*
P.E. 65108D—General Support, Net Assessment:	
CLASSIFIED	48
CLASSIFIED	150
CLASSIFIED	117
CLASSIFIED	39
CLASSIFIED	50
CLASSIFIED	50
CLASSIFIED	84
CLASSIFIED	95
CLASSIFIED	100
Soviet Perceptions of the Western Alliance	100
U.S./Soviet Naval Data Base	95
CLASSIFIED	100
CLASSIFIED	217
CLASSIFIED	525
CLASSIFIED	95
U.S. Global Basing Issues	50
CLASSIFIED	15
CLASSIFIED	50
CLASSIFIED	50
CLASSIFIED	250
CLASSIFIED	85
CLASSIFIED	60
CLASSIFIED	10
CLASSIFIED	50
CLASSIFIED	50
CLASSIFIED	390
CLASSIFIED	150
CLASSIFIED	155
CLASSIFIED	75
CLASSIFIED	126
CLASSIFIED	258
P.E. 65109D—Force Management and Personnel (FM&P):	
Equal Opportunity Task Analysis Phase II	75
Reserve Component Equal Opportunity Joint Occupational Task Analysis	150
DPAS Bonus Support System Study Phase II	100
The Effect of Weapons Systems Modernization on the Demand for Skilled Manpower	75
Resources-to-Ship Training Readiness Analysis Phase II	63
Enhancement of and Analytic Support for the Wartime Manpower Planning System	195
Response to Transportation Emergencies Involving Hazardous Materials	16
P.E. 65110D—Critical Technology:	
MCTL Supporting Documentation	197
Technology Transfer	100
Robotics	25
P.E. 65116D—General Support to C^3I:	
International C^3 Technical Support	751
Internetwork Communications Architecture	125
Follow-On Forces Attack (FOFA) Program	100
Intelligence Architecture Studies and Support Plans	435
Electronic Warfare and Spectrum Management	350
Future Defense Communications Issues	180
Computer Security Evaluation Project	220
P.E. 65119D—General Support for A&L:	
Technology Impact-Procurement Decisions	250
Excellent Installations	100
Excellent Installations through Peer Competition	179
Automated Specification Tailoring	60
Munitions Sustainability Analysis	50
P.E. 01015D—Technology Transfer Functions:	
Automated System for Assessing the Impact of Technology Transfer on Western Security	279
Data Link Return on West-West Case Processing	17
Defense Automated Case Review System	233

Title of Contract	*Thousands*
IDC Subscription Services	60
Technical Information Retrieval System	54

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Title of Contract	*Thousands*
P.E. 63706D—Microwave/Millimeter Wave Monoithic Integrated Circuits (MIMIC): Microwave & Millimeter Wave Monithic Integrated Circuits Phase O and Definition Study	$11,172
P.E. 65104D—OUSD(R&E):	
Atomic Energy	790
Research & Advanced Technology	826
Strategic & Theater Nuclear Forces Research	1,093
Tactical Warfare Programs	1,658
Plans & Development	408
Special Assistant for Assessment	455
P.E. 65106D—General Support, PA&E:	
Navy Force Structure Objectives	375
Contribution of Sustainability of Selected Munitions to Defense	375
Air Force Operational Training Parameters	200
Nuclear Effects Model Update	20
Intergovernmental Mobilization Planning	50
Helicopter Cost Data Base	150
Tactical Fighter Performance Analysis	[illegible]
Capability Measurement	134
NATO Performance Measures	207
Electro-Optical Missile, Radar and Avionics Research	201
Program Options in Southwest Asia	250
P.E.65107D—Policy:	
FFRDC Strategic Policy Research (Ongoing, Multi-year)	2,100
Integrated Long-term Strategy for the U.S. and major Alliance Partners (On-going, Multi-year)	1,600
Collaborative Efforts for Exploiting Emerging Technologies (Joint with OUSDRE)	580
Enhancing the Soviet Motivation for Cooperation Regarding the Strategic Relationship	250
Policy Aspects of a Defense-Dominant Strategy (Strategic Defense Policy Studies follow-on)	406
U.S. Politico-Security Interests on the South American Continent	60
Database on Strategic Policy and Arms Control	200
Japan/U.S. Security Management (Phase II)	150
European Defense Industrial Capability and the Technology Gap	200
Stressing the Soviet Empire	100
European Air Defense Policy	50
Security Implications of Islamic Fundamentalism in Southeast Asia	225
Defense Guidance Process Issues Study	100
Human On-Site Inspection for Arms Control Compliance	50
Security Implications of Soviet Telemetry Denial/Encryption	100
Analysis of START Modernization Constraints	160
P.E.65108D—General Support, Net Assessment	
CLASSIFIED	75
CLASSIFIED	325
CLASSIFIED	144
CLASSIFIED	100
CLASSIFIED	50
CLASSIFIED	37
CLASSIFIED	66
Soviet Perceptions of the Western Alliance	175
U.S./Soviet Naval Data Base	140
CLASSIFIED	100
CLASSIFIED	217
CLASSIFIED	650
CLASSIFIED	60
U.S. Global Basing Issues	65
CLASSIFIED	25
CLASSIFIED	100
CLASSIFIED	150

Title of Contract	*Thousands*
CLASSIFIED	250
CLASSIFIED	299
CLASSIFIED	90
NATO C^3I Capabilities	40
CLASSIFIED	101
CLASSIFIED	394
CLASSIFIED	202
CLASSIFIED	160
CLASSIFIED	50
CLASSIFIED	175
P.E.65109D—Force Management and Personnel (FM&P):	
Military Benefit Analysis	150
Analysis of the growth in the Number of DoD Dependents Overseas	225
Technical support for the 6th Quadrennial Review of Military Compensation	150
A Survey of Non-Prior Service (NPS) Reserve Component and NPS Active Component Recruits	195
A Study of the Interactions Between Pay Adequacy, Force Quality and Force Size	300
Utilization of DoD Civilians Evacuated to CONUS Installations	75
Requirements for Management Personnel in DoD in Light of Information Processing Developments	120
Reserve Component Equal Opportunity Joint Occupational Task Analysis (Phase II funding)	150
Analysis of the Retention of DoD Civilians (Phase III)	175
P.E.65110D—Critical Technology:	
MCTL Supporting Documentation (Continuing)	300
Support to International Programs	174
P.E.65116D—General Support to C^3I:	
Electronic Warfare and Spectrum Management	375
Internetwork Communications Architecture	908
OSD Imagery Acquisition & Management	200
Digital Mapping, Charting and Geodesy Interoperability	500
International C^3 Technical Support	781
Internet Study	400
P.E.65119D—General Support for A&L:	
Technology Impact of Procurement Decisions	250
Fuels Produceability and Availability	100
Impact of New Technology on Logistics Systems	200
DoD Maintenance Research, Development and Application Program	250
P.E.01015D—Technology Transfer Functions:	
Automated System for Assessing the Impact of Technology Transfer on Western Security	300
Defense Automated Case Review System	448

DEFENSE TECHNOLOGY SECURITY ADMINISTRATION

Question. On May 10, 1985 the Defense Technology Security Administration was established. Initial funding constituted a functional transfer of $1,956,000 from the Office of the Secretary of Defense which was augmented by $1,700,000 in reprogramming funds, bringing the total to $3,656,000. For fiscal year 1987, $5,255,000 is requested. This new administration's civilian end strength was increased from 37 in 1986 to 112 in 1987. According to the justification material, "the technology security program ensures for every dollar spent on the program, the taxpayer saves in projected defense spending".

Please explain to the Committee exactly what this means and how it will be accomplished and documented.

Answer. The major goal of the Defense Technology Security Administration's program is to prevent Soviet access to Western military relevant technology in order to reduce the external military threat facing the United States and its allies. By doing this, our security program can significantly ease the defense cost burden which the United States must face in the future in order to maintain a military posture sufficient to protect our national interests.

As the Soviets themselves have documented in their KGB report and as demonstrated in many DoD reports on technology security, the Soviet Union has maintained a massive, [illegible] effort to acquire critical military related Western technology for at least two decades. In fact, Soviet military decision-makers have been shown to target specific technology acquisitions from the West based on specific weapons program needs. Their acquisition strategy is coordinated at the highest levels of their government. This long-term effort has posed and continues to present a direct military threat to the security of the United States, its allies, and friends.

The Defense Technology Security Administration program denies to the Soviets benefits of such technology transfer efforts and contributes to U.S. national security in three extremely important ways:

(1) It reduces the technology level available to current and future Soviet weapons systems. In this way, our security efforts restrict Soviet strategic options in countering or defending future U.S. defense initiatives.

(2) It slows improvements in Soviet defense industrial productivity. Such improvements are increasingly important to the Soviets as their weapons systems become more complex.

(3) It reduces the significant savings accrued to the Soviets in military research, development, and production through the infusion of critical Western technology.

The savings to the taxpayer are generated by not having to expend resources to counter an increased Soviet threat which was created through Soviet acquisition and application of militarily critical U.S. technology. The Defense Technology Security Administration has conducted an assessment to determine the savings resulting from its program.

The assessment was based on an evaluation of export requests from the Soviet and East European countries which were referred to DoD between April 1984 and December 1985. The assessment examined only those requests that were denied. Had the requests been approved, the resulting transfers would have caused significant damage to U.S. national security through sizable Soviet and East European military savings. The savings *denied* the Soviets through DoD's Technology Security Program are estimated at between $4.6 and $12.0 billion. The variation in these figures comes from uncertainties we have in estimating Soviet use of Western technology. Given that such Soviet defense budget savings would have been invested in new military initiatives, they would have necessitated additional U.S. defense expenditures of between an estimated $5.0 to $13.2 billion over the next ten years in order to maintain our current military posture relative to the USSR. The report prepared as a result of this assessment will be provided to the Committee.

It should be noted that these savings resulted from the denial of what would have been legal transfers of U.S. technology. Additional savings result from other DoD efforts to accomplish its mission. These efforts include actions to coordinate and update technology security programs with coordinating committee nations and other friendly countries.

Documentation of the savings is accomplished through automation of the DoD export licensing program, development and utilitization of various data bases and application of econometric models of Western and Soviet economies.

Question. The new security administration proposes to spend nearly $1,000,000 on contract studies and analysis. Precisely what type of studies and analysis do you have planned for 1987?

Answer. The funds to be expended on contracts and analyses will be used to acquire both commerical and governmental data bases such as international business financial data, technical reference libraries, National Technical Information Services, and bibliographical reference services. These data bases will be used in the automated export case processing system as part of a filtering process employed to expedite the licensing program and to enhance the quality of the review. This automated system which is partially implemented, is used by analysts to rapidly access current technical information to ensure export controls are being applied to critical militarily relevant technologies and that resources are not expended for noncritical items. The system has aided enforcement practices as evidenced by the identification of several thousand computers which were intended to be exported to an overseas post office box. Enforcement agencies were informed of this unusual destination and quantity relationship as a result of an automated correlation program. It is unlikely that this apparent diversion attempt would have been identified with a strictly manual process given the thousands of licenses reviewed. It is expected that as the automated system continues to be implemented inappropriate transfers will be prevented through identification of trends in types of equipment technologies being sought, efforts to acquire subsystems through various sources, diversion routes and intermediary destinations, etc.

Other countries have expressed an interest in developing technology security programs and sought our assistance in their efforts. The lessions learned from our development and application of these contracts and analyses will aid in the U.S. efforts to achieve multilateral cooperation on technology security.

Question. How many personnel do you have on board as of March 31, 1986?

Answer. As of March 31, 1986, 47 civilian personnel were on board. Since then an additional 12 have reported on board. Another 21 positions are expected to be filled by June.

WASHINGTON HEADQUARTERS SERVICES

WORKYEAR INCREASES

Question. Workyears in the agencies supported by the Washington Headquarters Services increase by approximately 3 percent in the 1987 budget from the original 1986 budget submission. During the same period, workyears in the Washington Headquarters Services increase by more than 16 percent.

How do you explain the support office growing so much more rapidly than the offices supported? Specifically, why do civilian workyears increase more than 12 percent in the 1986 current estimate above the plan submitted in the 1986 budget in February 1985?

Answer. WHS personnel requirements do not rise or fall at the same percentage ranges as the personnel requirements of the activities it supports. For instance, when the Strategic Defense Initiative Office was established, we were required to provide support but received no personnel increases to cover that support. SDIO has continued to adversely impact WHS with additional workload requirements. The FY 1987 budget provides the first opportunity in which to reflect these support requirements.

The FY 1986 workyear estimates did indeed change from those presented the year earlier. This change was necessary to adjust the budget plan to reflect latest priorities. Examples of changes include the necessity to beef up the security staff to handle increased emphasis on background investigations of current employees (which was brought about by several nationally publicized breach of security cases) and to provide increased staff support to the multinational negotiations in Geneva, Stockholm and Vienna.

ACTUAL FISCAL YEAR 1985 EXPERIENCE

Question. The actual 1985 experience for the Washington Headquarters Services was nearly $4,000,000—or 5%, above plan. To what do you attribute this significant deviation?

Answer. First, it is not necessarily true that a $4 million increase in this account is significant, especially since it is less than the below threshold reprogramming authority granted by Congress. Nonetheless, the change in our budget plan did occur and our costs increased as a result of previously unanticipated events. One of these was the need to increase security measures to counter the threat of terrorism. This included the requirement to spend extra minor construction funds and to hire more guards to protect federally owned and leased buildings. We were also required to support a Presidentially appointed Commission on Defense Management. Personnel costs naturally increased with the additional workyears discussed above.

INCREASES IN OTHER CONTRACTS

Question. The 1987 estimate for other contracts for the Washington Headquarters Services increases by 8,804,000, or 18.4%, above the current 1986 estimate of $47,786,000. This includes program growth of $6,893,000. What are the reasons for this significant increase, which follows a program increase of $14,041,000 (43%) which occurred in 1986?

Answer. The reason behind the increase requested for FY 1987 other contracts are found in three important areas where necessary growth has taken place in recent years. We have undertaken a concerted modernizatioon effort to replace outdated manual processes with state-of-the-art office automation equipment and computer assisted decision support systems. Areas of wide usage include budget planning and management, financial and investment analyses, audit support, statistical analyses, and program management resource estimating and task monitoring. In additional, we are budgeting for increased costs for providing security protection direct response to known terrorist threats. Also, with the increased emphasis on buying out leased ADP equipment and systems, maintenance costs for both hardware and software are increasing and must be budgeted for under other contracts.

FISCAL YEAR 1986 RENTS

Question. Last year you estimated you would need $6,723,000 for rents for fiscal year 1986. The current 1986 estimate is $2,080,000. Why was your original estimate in error by more than 70 percent? How did you use the funds originally budgeted for rents?

Answer. The decrease in FY 1986 rents is directly traceable to the ADP buyout program. With DoD assuming ownership of formerly leased systems, a portion of the costs previously charged to rental contracts has migrated to maintenance contracts. These maintenance costs are included and reflected in the other contracts line item.

OFFICE OF ECONOMIC ADJUSTMENT

Question. The following language appears on page 172 of House Report 99-450, the conference report to accompany the fiscal year 1986 continuing resolution:"The conferees agree to the Senate's position on the Department of Defense Family Advocacy Program. The conferees agree that the Family Advocacy Program is a health care program and should not be transferred to the force management and personnel directorate." How do you justify a request in 1987 of $2,241,000 for expanded Family Advocacy Program activities in light of the congressional directive?

Answer. Section 803 of the DoD Authorization Act, 1986, which was enacted into law as part of the Military Family Act of 1985, provided for the transfer of the Military Family Resource Center to the Office of the Assistant Secretary of Defense (Force Management and Personnel), from the Assistant Secretary of Defense (Health Affairs). The Senate Committee on Appropriations, in a report accompanying the DoD Appropriations Bill, 1986, expressed the view that the Family Advocacy Program should have remained in the Office of the Assistant Secretary of Defense (Health Affairs).

In an attempt to ameliorate the contradictory guidance of the Authorization Act, (which legally takes precedence), and the Committee Report, Mr. Chapman B. Cox, Assistant Secretary of Defense (Force Management and Personnel), wrote to the Chairman of the Senate Subcommittee on Defense, Committee on Appropriations and the Chairman of the House Subcommittee on Defense, Committee on Appropriations. The purpose of these letters was to explain what the Department of Defense had done regarding the Military Family Resource Center, why it was done, and to solicit support for the organizational realignment.

Senator Daniel K. Inouye, a long-time supporter of military child abuse/family violence initiatives was provided an information copy of the letter to Senator Stevens. Responses from both Senator Stevens and Senator Inouye express support for the transfer of the Family Advocacy Program. No reply has been received from the House Subcommittee on Defense, Committee on Appropriations.

In response to an inquiry from the Chairman of the Senate Appropriations Committee, a letter from Mr. Robert W. Helm, Assistant Secretary of Defense (Comptroller), was sent to Senator Hatfield on March 31, 1986.

Since the organizational issue regarding the Military Family Resource Center, which promulgates the Military Family Advocacy Program, appears to be resolved satisfactorily, the request for increased funding in 1987 is now in line with Congressional guidance.

ECONOMIC ANALYSES OF SUGGESTED BASE CLOSURES

Question. Earlier this year, Secretary Weinberger suggested to the Congress that three current military facilities could be closed, resulting in savings to the government. Existing statutory procedures require the Department of Defense to perform certain analyses, including economic ones, before closures may be accomplished.

Was this office asked to perform any local economic analyses of the effect of the suggested base closures?

Answer. As a normal practice and in keeping with Executive Order 12049 (dated March 27, 1978), the Office of Economic Adjustment initiates local economic anslyses of all proposed significant changes in Defense programs in behalf of the Department of Defense and the Military Departments. In the case of the three candidate bases cited by Secretary Weinberger on February 10, 1986 (i.e., the Army Materials Laboratory at Watertown, MA; the Naval Hospital at Philadelphia, PA; and specific Air Force activities at Lowry Air Force Base in Denver, CO), OEA has initiated such local economic impact analyses. The analyses for each of the three cited activities will include: (a) an assessment of the secondary employment and economic impact of the possible realignment action using the Department of Commerce Bureau of Economic Analysis Regional Industrial Modeling System II methodology and (b) an assessment by an independent industrial location consultant (selected competitively) as to the community economic recovery potential, the area capacity for utilizing the potential industrial and office facilities, and an identification of any near-term or long-term trends in the affected area economies which may affect the communities' adjustment potential.

These local economic impact studies are scheduled to be provided to the Military Departments in mid-June 1986. These studies are not a substitute for, nor intended as, satisfying any of the National Environmental Protection Act (NEPA) requirements.

ORGANIZATION OF THE JOINT CHIEFS OF STAFF

Question. The total operation and maintenance 1987 request for the Organization of the Joint Chiefs of Staff is $352,722,000. This includes $68,216,000 for management headquarters, an increase of $16,873,000 (or 32.9%) above the current 1986 estimates. The vast majority of the requested increase, $14,455,000, is for other purchases which will improve the CINC's warfighting capability, according to the justifications. Precisely how will this be accomplished?

Answer. The Organization of the Joint Chiefs of Staff has established the Modern Aids to Planning Program (MAPP) to improve the ability of the CINCs and the OJCS to develop and evaluate war plans. The Modern Aids to Planning Program provides near term, common computer hardware at the OJCS and at each CINC's headquarters and also provides prototype military campaign analysis computer models. These modern analytic tools will be used by the CINCs and the OJCS to develop and evaluate alternative military courses of action before tasking the current deployment planning system to develop the schedule of the movement of units, equipment, and supplies to the theater in the war plan. The MAPP computer hardware and analytic software provides the CINCs and the OJCS with the ability to evaluate alternative courses of action and select the best time phased arrival, disposition, time phased sustainment and campaign plan for the involved combat units before committing the staff effort to the development of complex deployment plan.

Additionally, the MAPP warfighting analytic tools permit the CINCs to perform quantitative assessments of their joint warfighting capabilities and requirements thus improving the role of the CINCs in the Planning, Programming, and Budgeting System (PPBS).

Initial computer systems and first prototype warfighting capability analysis software are now being delivered to the CINCs. Because these analytic tools will be used by the CINCs and the OJCS for warfighting capability assessment and warplanning, the OJCS maintains a vigorous program of configuration management and controlled product improvement.

Question. How does this program differ from the $50,000,000 JCS Special Fund which the Department requested last year and the Congress denied?

Answer. The two programs are not related. The Modern Aids to Planning Program is an active substantive OJCS program to provide immediate improvement to the CINCs warplanning processes. Under OJCS management the MAPP program is now delivering the first prototypes of the computer hardware and warfighting capability analysis software to the CINCs for use to improve the development and evaulation of the joint war plans for their theaters. Additionally, the OJCS manages a vigorous program of configuration management and product improvement of all MAPP computer hardware, software, and data bases to insure that the campaign analysis experience that each CINCs staff gains from the MAPP is credible and can be shared with every other CINC and the OJCS for the purpose of integrating several war plans for simultaneous execution in multiple theaters.

In contrast, the FY 1986 JCS Special Fund was requested to provide the CINCs with a source of operations and maintenance funds for unforeseen operational requirements. The intent of the JCS Special Fund request was to provide CJCS authority/resources to meet unprogrammed time-sensitive requirements quite unlike the specific requirements of the MAP program.

[CLERK'S NOTE.—End of questions submitted for the record.]

THURSDAY, APRIL 17, 1986.

OPERATION AND MAINTENANCE, ARMY

WITNESSES

LT. GEN. MAX W. NOAH, USA, COMPTROLLER OF THE ARMY

BRIG. GEN. CHARLES E. WILLIAMS, USA, DIRECTOR OF OPERATIONS AND SUPPORT, OFFICE OF THE COMPTROLLER OF THE ARMY

INTRODUCTION

Mr. CHAPPELL. The committee will please come to order.

We now continue our operation and maintenance hearings with a review of Army O&M accounts. The primary witness for this hearing is Lieutenant General Max W. Noah, Comptroller of the Army, who is backed up by Brigadier General Charles E. Williams, the Director of Operations and Support.

Gentlemen, we wish to welcome you both back. Copies of your biographies and your formal statement will be placed in the record. If you wish to make a brief opening statement, please do so.

General, we are going to try to detain you only about an hour.

SUMMARY STATEMENT OF GENERAL NOAH

General NOAH. Fine, Mr. Chairman. We are happy to be here.

First, we extend our condolences to the committee on the death of Chairman Addabbo and look forward to working with you all.

Mr. Chairman, I am delighted to have the opportunity to present the Army's fiscal year 1987 operation and maintenance appropriation, the lifeblood of the Army.

As you know, this is my second appearance before this committee in my current capacity. Accompanying me again is Brigadier General Charles E. Williams, the Director of Operations and Support, who will serve as a back-up witness during the hearing.

The OMA appropriation provides the essential funding to support the Army leadership's vision of how the total Army should prepare for land combat both today and tomorrow. We seek to:

Provide quality soldiers and strong families;

Field a flexible, modernized force to fight across the spectrum of conflict;

Develop high technology and productivity enhancements;

Exploit operational and tactical dimensions of air-land battle doctrine;

Fight and sustain as part of joint and combined forces; and

Improve tactical and strategic deployability.

Readiness is a primary aim as we seek to achieve these objectives. Over the past several years, with your help, we have improved our readiness by recruiting and retaining quality soldiers, enhancing soldier and civilian skills and motivation, and modernizing the force with equipment of much greater capability.

Maximum readiness depends on a reasoned balance among the investment, personnel, and operation and maintenance appropriations. At the same time, we must be mindful in a time of strong measures to control deficits to conserve our resources through improved operations and productivity enhancements. We seek to do just that in the fiscal year 1987 OMA budget request.

The formulation of the fiscal year 1987 budget began five years ago in the programming process to build the five-year defense plan. The fiscal year 1987 request of $21.3 billion builds upon the results of the resources previously provided by Congress and continues to support the personnel and modernization initiatives of the past four years. When the OMA budgets from fiscal year 1984 to fiscal year 1987 are compared, it can be seen that the real growth has been reduced from four percent to one-half percent.

The following chart provides you a more detailed look at how we arrived at the one-half percent real growth.

[The chart follows:]

FY 1987 OMA BUDGET TRAIL

(Dollars in Millions)

FY 1986 Appropriation	$ 18,975	
Inter Appropriation Transfers		
Foreign Currency	906	
Environmental Restoration	138	
Other	(- 15)	
Readiness Increase	207	
FY 1986 Current Estimate	20,211	
Price Growth	1,036	(5.0%)
Real Program Growth	95	(0.5%)
FY 1987 Budget Request	$ 21,342	

General **Noah**. This only slightly positive growth required the Army leadership to make some difficult decisions on the allocation of these scarce resources in an Army with still growing modernized equipment inventories and still more improvements needed in family programs and all facilities.

This listing of the OMA budget, by budget category, shows the resulting allocation.

[The chart follows:]

CHART [illegible]

FY 1987 OMA BUDGET

PRICE AND PROGRAM GROWTH

(DOLLARS IN MILLIONS)

PROGRAM	FY 85	FY 86	PRICE GROWTH	PROGRAM GROWTH	FY 87	CHANGE	% PROG GROWTH
2 GEN PURP FORCES	3247	4146	-519	6	3633	-513	0.1
3 INTELLIGENCE	236	261	6	11	278	17	4.2
3 COMMUNICATIONS	865	1140	59	41	1240	100	3.6
7 CENTRAL SUPPLY	2397	2393	571	-72	2892	499	-3.0
7 DEPOT MAINTENANCE	2225	2230	85	-47	2268	38	-2.1
7 ENVIRONMENTAL	0	130	5	-126	17	-121	-91.3
8 TRAINING	1061	1122	24	50	1196	74	4.5
8 MEDICAL	1224	1395	59	-10	1444	49	-0.7
8 OTH PERS ACT	642	637	18	24	679	42	3.8
9 ADMINISTRATION	941	881	20	18	919	38	2.0
10 SPT TO NATIONS	168	176	61	-12	225	49	-6.8
11 BASE OPS (-)	2863	2874	190	92	3156	282	3.2
12 RPMA	2792	2816	457	123	3396	580	4.4
TOTAL	18660	20211	1036	95	21342	1131	0.5%

Note: Totals may not add due to rounding

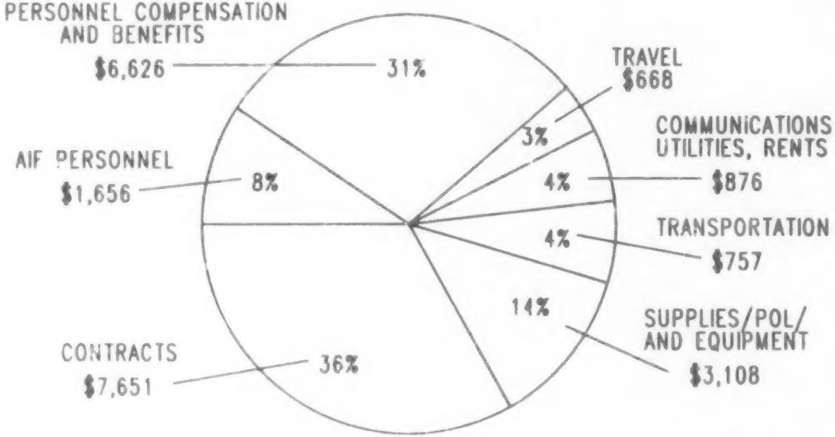
General Noah. A quick look at the budget categories shows continued support of communication and automation, training, recruiting and examining, base operations and real property maintenance. The decrease in funding for general-purpose forces results from a fund redistribution procedure we use in handling a foreign currency fluctuation change. As you know, a large portion of that account funds our overseas training. In actuality, the general-purpose forces funding has only slight growth as shown.

In executing the OMA budget, we finance several categories of expense including contracts, personnel, supplies, and other costs. The fiscal year 1987 expense distribution is shown in this chart.

[The chart follows:]

CHART 8-5

TYPE OF EXPENSE FINANCED



FY 1987 OMA TOTAL $21,342

(DOLLARS IN MILLIONS)

General **Noah**. The largest expense, contracting, at 36 percent of the total, includes a variety of functions provided by the private sector, including studies and analysis, equipment and facility maintenance and commercial activities.

The direct pay and benefits for 277,000 civilian employees requires 31 percent of the total while the Army industrial fund portion of 8 percent represents the compensation and benefits paid to civilian personnel working in AIF facilities.

The remaining 25 percent supports the vast array of supplies, equipment, transportation, communication, utilities, and travel, necessary for daily operations.

The Army force structure of special operations forces and light divisions for rapid deployment worldwide and heavy forces for sustained combat are essential for a credible conventional deterrent. Also essential are the support forces of military and civilian personnel which provide the vast quantities of support needed to equip, train, facilitate, mobilize, deploy and sustain the fighting force. OMA funds make the Army force structure viable. Without enough OMA, the Army falters.

Soldiers, civilians and their families are the strongest and most important part of our Army. We must continuously provide the kind of living and working environment which will encourage the best qualified and motivated people to enter and remain as active participants in the Army family to make Army service their career.

Army recruiting is a real "success story" which must be strongly pursued, or else we will start to see a fall-off in the quality of the soldier so critical to the Army. Dedicated, skilled recruiters backed up by sophisticated modern advertising are now keeping our force at its full strength with high-quality recruits.

The OMA request for recruiting and examining is $293 million, a program growth increase of $19 million over fiscal year 1986. With a declining pool of potential accessions, the Army must have incentives that attract, distribute and align quality young people to form the core of enlisted personnel from which our future noncommissioned officers will be drawn.

The OMA request provides the direct pay and benefits for 67 percent of the total civilians in the Army as well as, indirectly, through the Army industrial fund, the salaries of 54,000 AIF employees through user purchases of goods and services from various AIF activities.

I am happy to report that we continue to be successful at managing our civilians without end strength ceilings. Our current Army goal is to hold civilian strength relatively constant by capitalizing on productivity enhancing technology, modest increases in overtime, continued contracting, and other management efforts.

While the civilian work force is projected to show a decline in fiscal year 1987, these efficiency initiatives have allowed us to program growth in civilian substitution, force modernization, light infantry division restructure, security protection, and medical programs. Sustaining a vital career force of civilians is a primary aim of the Army.

The medical care program fiscal year 1987 budget of $1.4 billion provides for worldwide medical and dental services to active forces and other eligible beneficiaries, veterinary services, medical examinations performed in military enlistment processing stations, and other support activities of the direct health care system.

Army family programs are critical to the morale of our forces and are among our top priorities. With your help, we have made great strides towards providing a solid quality of life for our people and their families. Substantial resources have been invested in quality of life and family programs.

The fiscal year 1987 resources will continue to improve living and working conditions and will meet a diverse set of needs ranging from family housing to child development to upgrade of maintenance and repair shops to soldier and family services.

The family action program is a keystone to the Army quality of life program. These examples illustrate the OMA and other appropriations content of the program.

[The chart follows:]

CHART # 4

THE ARMY FAMILY PROGRAM

(DOLLARS IN MILLIONS)

	FY85	FY86	FY87
CHILD DEVELOPMENT CTR CONSTR (MCA)	9.9	39.9	45.6
EXCEPTIONAL FAMILY MEMBER PGM (OMA)	7.6	10.3	12.4
(MPA)	1.6	1.7	1.8
FINANCIAL PLANNING & ASSISTANCE (OMA)	0.0	3.4	7.4
FAMILY (IN-HOME) CHILD CARE (OMA)	0.0	6.2	8.4
STUDENT TRAVEL (OMA)	.7*	1.7	2.4
FAMILY MEMBER EMPLOYMENT (OMA)	0.0	0.7	5.1
ARMY FAMILY SERVICES (OMA)	0.0	3.1	7.8
INSTALLATION VOLUNTEER COORD (OMA)	0.0	0.0	1.6
CHILD DEVELOPMENT CURRICULUM (OMA)	0.0	0.0	6.8
ALCOHOL/DRUG ABUSE REHAB (OMA)	0.0	0.0	3.1
OUTREACH FOR JUNIOR ENLISTED (OMA)	0.0	0.0	3.0
(OPA)	0.0	0.0	1.8
AFTER SCHOOL CHILD DEVEL PGM (OMA) ("LATCH-KEY")	0.0	0.0	2.7
TOTAL	19.8	67.0	109.9

*ADDITIONAL $1.3M FUNDED AT MACOM LEVEL

1640

General **Noah**. Training of the soldiers and civilians in the Army is vital to successful operations and support across the full spectrum of conflict as well as in peacetime.

The OMA budget includes funding for the operation of seven Army training centers, 30 Army schools and colleges and six DOD joint service schools and colleges. These schools and colleges concentrate on providing soldiers, noncommissioned officers, officers and civilians with essential individual skills.

The OMA budget request contains $1.2 billion for institutional training. Training program growth from fiscal year 1986 to fiscal year 1987 of $50 million, or approximately 4 percent, provides for increased hands-on and field training, and development and distribution of instructional materials and training technology.

Training in units builds and maintains individual skills while welding the organization into a top-notch fighting unit. OMA provides among other things the fuel, repair parts and transportation costs necessary for unit operations.

With this budget, we are able to maintain an essential level of training and operating tempos, for example, 850 miles per year per tank or fighting vehicle. Improvements made through increased flying hours, now 17 hours per crew per month, range modernization, and national training center rotations of 28 battalions per year, will enhance the Army's readiness.

The OMA force modernization program provides the one-time resources for the fielding of major new or modernized equipment procured in fiscal year 1985 and entering the Army inventory in fiscal year 1987.

These fielding costs include:

Initial provisioning of repair parts and supplies;

Operator training, training materials, publications and transition training;

Transportation to fielding destination and deprocessing; and

Site activation.

The fiscal year 1987 OMA contains a total funding of $503 million for fielding of intensively managed systems. The Army has implemented several management initiatives to improve forecasting of operating and support costs. These include utilizing computer models combined with better understood data bases and standardized accounting systems reports.

The OMA appropriation is central to the force modernization program which is even now only one-third to one-half complete depending on the weapon system in question. We must see the program through to avoid fielding delays and stretchouts due to lack of OMA resources, which would only serve to slow restoring America's deterrent strength.

To remain steady, the Army must maintain and sustain forces, facilities and equipment at acceptable levels.

The fiscal year 1987 budget is tailored to assure the Army a balanced depot maintenance program which continues to provide responsive support for units in the field though fiscally constrained in the maintenance support activities arena. The materiel maintenance program which includes overhaul, modifications and conversions is financed except for $93 million which represents only a 5 percent backlog. Component repair and new systems are fully funded to maintain unit readiness.

[The chart follows:]

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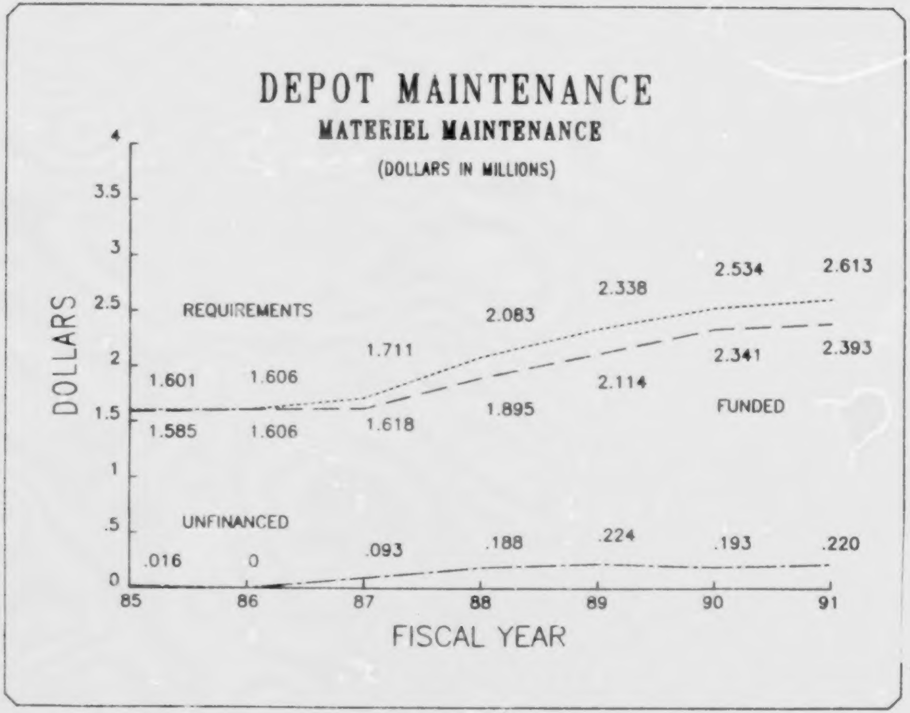
CHART 8-7



DEPOT MAINTENANCE

MATERIEL MAINTENANCE

(DOLLARS IN MILLIONS)

General NOAH. Installation operations encompass a myriad of activities and functions at the 95 major installations in the United States, 44 major military communities in Europe, 52 installations and activities in the Pacific, and the Panama Defense Complex.

Army installations are better managed this year through the Army's initiatives to move to a standard installation organization. Functional areas standardized include personnel, supply and maintenance, engineer, information management and contracting services to units and tenants on each installation.

The fiscal year 1987 request for real property maintenance activities is $3.4 billion. The program growth in fiscal year 1987 is $129 million. Each major installation or community is similar to a small city with many things, such as buildings, utilities, airfields and roads, plus training areas and ranges not found in the civilian community.

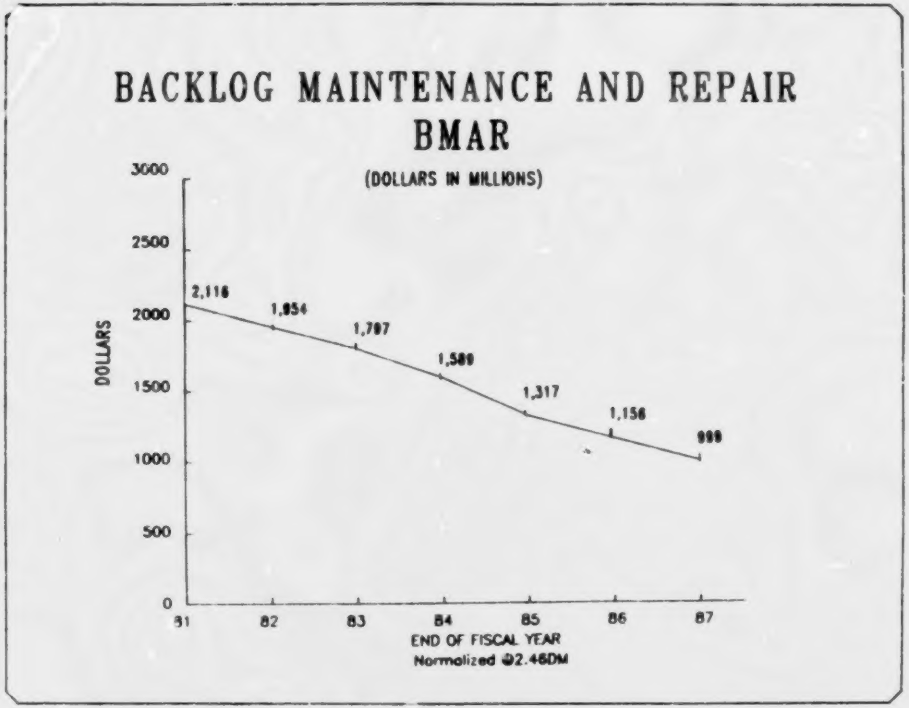
Decent, well-maintained facilities and adequate services will result in a better satisfied military and civilian work force. This contributes to a higher level of retention of skilled personnel and to readiness itself.

The projected BMAR reduction, in real terms, for fiscal year 1987 is $157 million after normalizing for currency fluctuation. The Army operates and maintains an aging physical plant with extensive holdings worldwide. There are over 300,000 buildings and facilities in the inventory with an average age of 37 years. Over time, BMAR projects get more costly to accomplish because neglected facilities breed accelerated deterioration and inflation adds to the estimated cost.

Major areas expected to benefit from the BMAR reduction are utility systems, $45 million on a $205 million backlog; unaccompanied personnel housing, $34 million on a $205 million backlog; community facilities, $35 million on a $145 million backlog; and maintenance and production facilities, $12 million on a $111 million backlog.

[The chart follows:]

CHART # 8



BACKLOG MAINTENANCE AND REPAIR
BMAR

(DOLLARS IN MILLIONS)

General **Noah**. As you know, last year the Army brought together the communication, automation and other elements, so vital to information management, into one mission area. The merger of these once separately managed functions promises a greater return on the Army's investment in the area of information, both in the tactical and installation areas.

To accomplish this, there will be some modifications in how information management is reflected in the budget and managed in the Army. We have charged the Information Systems Command with the task of operating the entire system for all functional areas, in all parts of the Army. Funding is provided direct to ISC for communications and large computer operations. For those automation services on installations, a chargeback system is being designed for implementation in one or two years. In the meantime, a reimbursable arrangement has been set up between major Army commands and ISC.

Mr. Chairman, while I have focused thus far on the fiscal year 1987 request, I believe that it would be appropriate to summarize the impact of the Gramm-Rudman-Hollings reductions on fiscal year 1986 OMA funding. We have definitely slowed the Army's pace in fiscal year 1986. Our strategy in taking these reductions, which were largely prescribed by the law, was basically to reduce programs across the board, with maximum flexibility being passed down to the commander in the field.

[The chart follows:]

CHART # 9

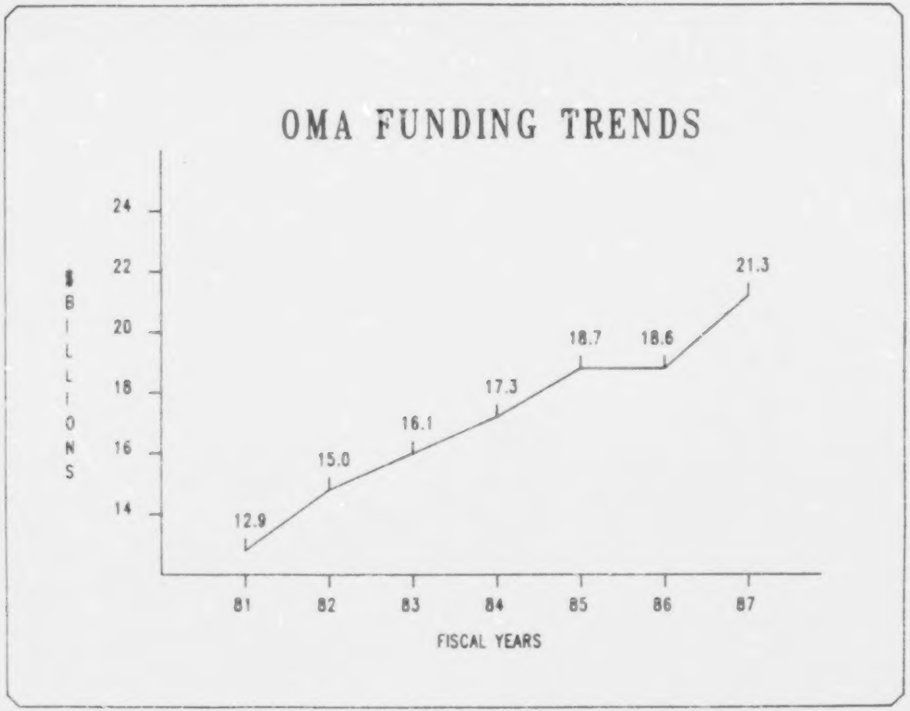
THE STRATEGY

- PROTECT PROGRAMS SUPPORTING QUALITY SOLDIERS
- USE INNOVATIVE APPROACHES TO TRAINING
- PRESERVE READINESS WITH LESS MONEY
- ACCEPT GROWTH IN THE MAINTENANCE AND FACILITIES BACKLOGS
- CIVILIAN PERSONNEL REDUCTIONS TO BE PROGRAMATIC

General **Noah**. The healthy upward trend of OMA funding over the past few years has clearly been halted. Our fiscal year 1986 funding is level at the same time Army investments are continuing to grow.

[The chart follows:]

CHART # 10


OMA FUNDING TRENDS
$ BILLIONS
24
22
20
18
16
14
12.9
15.0
16.1
17.3
18.7
18.6
21.3
81
82
83
84
85
86
87
FISCAL YEARS

General **Noah**. To sustain the Army's continuing growth and at the same time be compelled to take cuts, has not been at all easy. There is no doubt that negative impacts will be more visible as we execute the cuts during the year. One billion dollars of programmatic reductions in OMA will have a significant impact on the working and living conditions of our soldiers and civilians. These reductions come at a most crucial time, when the Army is seeking to be the best in the world.

[The chart follows:]

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CHART # 11

OPERATION AND MAINTENANCE , ARMY
FY 1987 BUDGET

$ 1B REDUCTION HURTS OMA...

- ARMY WIDE TRAVEL REDUCED BY 5%
- BMAR REDUCTION $100M LESS THAN PLANNED
- DEPOT MAINTENANCE BACKLOG WILL INCREASE BY $104M
- ARMYWIDE BASEOPS WILL BE REDUCED BY $139M
- FLYING HOUR PROGRAM REDUCED BY 75K HOURS
- GROUND OPTEMPO REDUCED BY 2.5%
- TRANSPORTATION PROGRAMS CURTAILED
- HEADQUARTERS ADMINISTRATION ACTIVITIES TRIMMED
- CAREER INTERN PROGRAM SCALED DOWN

BOTTOM LINE: - WORKING AND LIVING STANDARDS LOWERED
TRAINING ACROSS THE BOARD IS SLOWED
READINESS REDUCED

General **Noah**. In summary, funding an adequate OMA appropriation is critical to all parts of the Army. OMA is life support to the soldier and his family, to the fielding and sustaining of his weapons systems and to the maintenance and sustenance of his installations and logistics base. The amount requested provides the minimum necessary resources to keep the Army ready to fight and win anywhere in the world. In my judgment, our Army is prepared to meet tomorrow's challenges. With your continued support, we will fulfill the important missions entrusted to us.

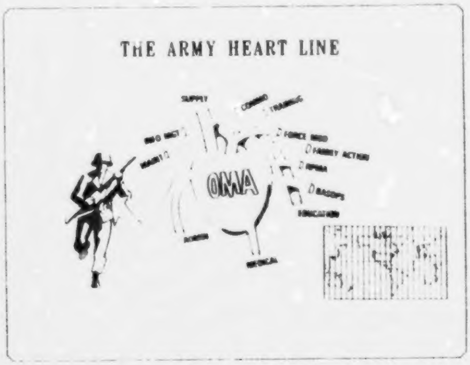
Thank you, Mr. Chairman.

[The statement of General Noah follows:]

STATEMENT BY THE COMPTROLLER OF THE ARMY

OPENING REMARKS

Mr. Chairman and members of the Committee I am delighted to have the opportunity to present the Army's FY 1987 Operation and Maintenance Appropriation, the lifeblood of the Army.



As you know this is my second appearance before this committee in my current capacity. Accompanying me again is Brigadier General Charles E. Williams, the Director of Operations and Support, who will serve as a backup witness during the hearing.

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- Provide quality soldiers and strong families.

- Field a flexible, modernized force to fight across the spectrum of conflict.

- Develop high technology and productivity enhancements.

- Exploit operational and tactical dimensions of AirLand battle doctrine.

- Fight and sustain as part of Joint and Combined Forces.

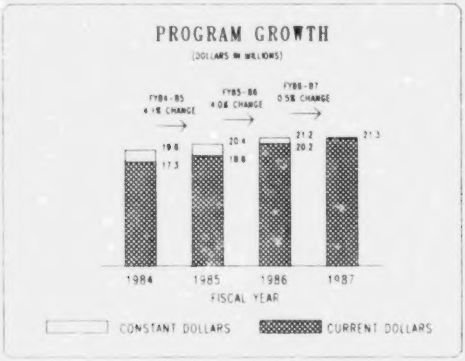
- Improve tactical and strategic deployability.

Readiness is a primary aim as we seek to achieve these objectives. Over the past several years, with your help, we have improved our readiness by recruiting and retaining quality soldiers, enhancing soldier and civilian skills and motivation and modernizing the force with equipment of much greater capability,.

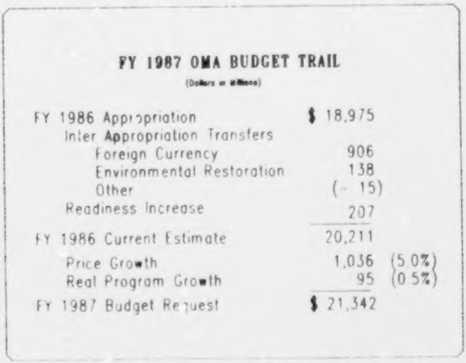
Maximum readiness depends on a reasoned balance among the investment, personnel, and operation and maintenance appropriations. At the same time, we must be mindful in a time of strong measures to control deficits to conserve our resources through improved operations and productivity enhancements. We seek to do just that in the FY 1987 CMA Budget Request.

FY 1987 BUDGET REQUEST

The formulation of the FY 1987 budget began five years ago in the programing process to build the Five Year Defense Plan. The FY 1987 request of $21.3 billion builds upon the results of the resources previously provided by Congress and continues to support the personnel and modernization initiatives of the past four years. When the CMA budgets from FY 1984 to FY 1987 are compared, it can be seen that the real growth has been reduced from 4 percent to 1/2 percent.



The following chart provides you a more detailed look at how we arrived at the 1/2 percent real growth:

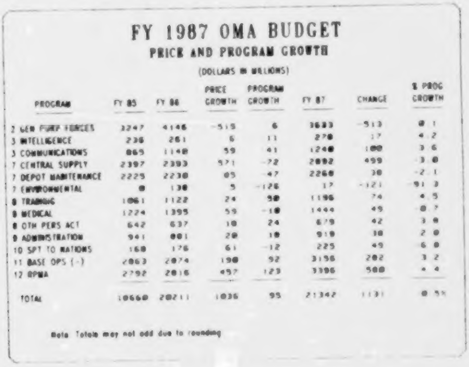


FY 1987 OMA BUDGET TRAIL

(Dollars in Millions)

FY 1986 Appropriation	$ 18,975	
Inter Appropriation Transfers		
Foreign Currency	906	
Environmental Restoration	138	
Other	(- 15)	
Readiness Increase	207	
FY 1986 Current Estimate	20,211	
Price Growth	1,036	(5.0%)
Real Program Growth	95	(0.5%)
FY 1987 Budget Request	$ 21,342	

This only slightly positive growth required the Army leadership to make some difficult decisions on the allocation of these scarce resources in an Army with still growing modernized equipment inventories and still more improvements needed in family programs and all facilities. This listing of the OMA budget, by budget category, shows the resulting allocation:



FY 1987 OMA BUDGET

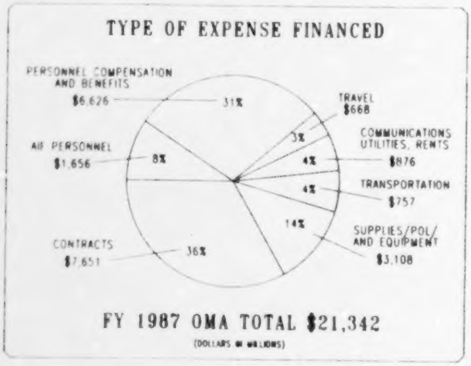
PRICE AND PROGRAM GROWTH

(DOLLARS IN MILLIONS)

PROGRAM	FY 85	FY 86	PRICE GROWTH	PROGRAM GROWTH	FY 87	CHANGE	% PROG GROWTH
2 GEN PURP FORCES	3247	4146	-515	6	3633	-513	0.1
3 INTELLIGENCE	236	261	6	11	278	17	4.2
3 COMMUNICATIONS	865	1140	59	41	1240	100	3.6
7 CENTRAL SUPPLY	2397	2393	571	-72	2892	499	-3.0
7 DEPOT MAINTENANCE	2225	2230	85	-47	2260	30	-2.1
7 ENVIRONMENTAL	0	138	5	-126	17	-121	-91.3
8 TRAINING	1061	1122	24	50	1196	74	4.5
8 MEDICAL	1224	1395	59	-10	1444	49	-0.7
8 OTH PERS ACT	642	637	18	24	679	42	3.8
9 ADMINISTRATION	941	881	20	10	919	38	2.0
10 SPT TO NATIONS	168	176	61	-12	225	49	-6.8
11 BASE OPS (-)	2063	2874	190	92	3156	282	3.2
12 RPMA	2792	2816	457	123	3396	580	4.4
TOTAL	18660	20211	1036	95	21342	1131	0.5%

Note: Totals may not add due to rounding

A quick look at the budget categories shows continued support of communications and automation, supply and maintenance, medical operations and base operations. The decrease in funding for general purpose forces results from a fund redistribution procedure we use in handling a foreign currency fluctuation change--as you know a large portion of that account funds our overseas training. In actuality the general purpose forces funding has only slight growth as shown.



In executing the OMA budget we finance several categories of expense including contracts, personnel, supplies, and other costs. The FY 1987 Expense Distribution is shown in the chart.

- The largest expense, contracting, at 36% of the total, includes a variety of functions provided by the private sector including studies and analysis, equipment and facility maintenance and Commercial Activities.

- The direct pay and benefits for 277 thousand civilian employees requires 31% of the total while the Army Industrial Fund (AIF) portion of 8%, represents the compensation and benefits paid to civilian personnel working in AIF facilities.

- The remaining 25% supports the vast array of supplies, equipment, transportation, communication, utilities, and travel, necessary for daily operations.

OUTPUT OF THE FY 1987 OMA BUDGET REQUEST

FORCE STRUCTURE

The Army Force Structure of special operations forces and light divisions for rapid deployment worldwide and heavy forces for sustained combat are essential for a credible conventional deterrent. Also essential are the support forces of military and civilian personnel which provide the vast quantities of support needed to equip, train, facilitate, mobilize, deploy and sustain the fighting force. OMA funds make the Army Force Structure viable. Without enough OMA, the Army falters.

PEOPLE

Soldiers, civilians and their families are the strongest and most important part of our Army. We must continuously provide the kind of living and working environment which will encourage the best qualified and motivated people to enter and remain as active participants in the Army Family and to make Army service their career.

Recruiting and Examining

Army recruiting is a real "success story" which must be strongly pursued, or else we will start to see a fall-off in the quality of the soldier so critical to the Army. Dedicated, skilled recruiters backed up by sophisticated modern advertising are now keeping our force at its full strength with high quality recruits.

The OMA request for recruiting and examining is $293 million, a program growth increase of $19 million over FY 1986. With a declining pool of potential accessions, the Army must have incentives that attract, distribute and align quality young people to form the core of enlisted personnel from which our future noncommissioned officers will be drawn.

Civilians

The OMA request provides the direct pay and benefits for 67% of the total civilians in the Army as well as, indirectly, through the Army Industrial Fund (AIF), the salaries of 54 thousand AIF employees through user purchases of goods and services from various AIF activities.

I am happy to report that we continue to be successful at managing our civilians without end strength ceilings. Our current Army goal is to hold civilian strength relatively constant by capitalizing on productivity enhancing technology, modest increases in overtime, continued contracting, and other management efforts. While the civilian workforce is projected to shown a decline in FY 1987, these efficiency initiatives have allowed us to program growth in civilian substitution, force modernization, light infantry division restructure, security protection, and medical programs. Sustaining a vital career force of civilians is a primary aim of the Army.

Health Care

The Medical Care Program FY 1987 budget of $1.4 billion provides for worldwide medical and dental services to active forces and other eligible beneficiaries, veterinary services, medical examinations performed in Military Enlistment Processing Stations, and other support activities of the direct health care system.

Family Programs

Army Family Programs are critical to the morale of our forces and are among our top priorities. With your help, we have made great strides towards providing a solid quality of life for our people and their families. Substantial resources have been invested in quality of life and family programs. The FY 1987 resources will continue to improve living and working conditions and will meet a diverse set of needs, ranging from family housing to child development to upgrade of maintenance and repair shops to soldier and family services.

THE ARMY FAMILY PROGRAM

(DOLLARS IN MILLIONS)

	FY85	FY86	FY87
CHILD DEVELOPMENT CTR CONSTR (MCA)	0.0	39.9	45.6
EXCEPTIONAL FAMILY MEMBER PGM (OMA)	7.6	10.3	12.4
(MPA)	1.6	1.7	1.8
FINANCIAL PLANNING & ASSISTANCE (OMA)	0.0	3.4	7.4
FAMILY (IN-HOME) CHILD CARE (OMA)	0.0	6.2	8.4
STUDENT TRAVEL (OMA)	[illegible]	1.7	2.4
FAMILY MEMBER EMPLOYMENT (OMA)	0.0	0.7	5.1
ARMY FAMILY SERVICES (OMA)	0.0	3.1	7.8
* INSTALLATION VOLUNTEER COORD (OMA)	0.0	0.0	1.6
CHILD DEVELOPMENT CURRICULUM (OMA)	0.0	0.0	6.8
ALCOHOL/DRUG ABUSE REHAB (OMA)	0.0	0.0	3.1
OUTREACH FOR JUNIOR ENLISTED (OMA)	0.0	0.0	1.8
(OPA)	0.0	0.0	1.8
AFTER SCHOOL CHILD DEVEL PGM (OMA) ("LATCH-KEY")	0.0	0.0	2.7
TOTAL	19.0	67.0	109.9

*ADDITIONAL $1.3M FUNDED AT MACOM LEVEL

The Family Action Program is a keystone to the Army Quality of Life Program. These examples illustrate the OMA and other appropriations content of the program.

TRAINING

Training of the soldiers and civilians in the Army is vital to successful operations and support across the full spectrum of conflict, as well as in peacetime.

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Institutional Training.

The OMA budget includes funding for the operation of seven Army Training Centers, 30 Army schools and colleges and six DoD and joint service schools and colleges. These schools and colleges concentrate on providing soldiers, noncommissioned officers, officers and civilians with essential individual skills.

The OMA budget request contains $1.2 billion for institutional training. Training program growth from FY 1986 to FY 1987 of $50 million, or approximately 4%, provides for increased hands-on and field training, and development and distribution of instructional materials and training technology.

Unit Training

Training in units builds and maintains individual skills while welding the organization into a top notch fighting unit. OMA provides among other things, the fuel, repair parts and transportation costs necessary for unit operations.

With this budget, we are able to maintain an essential level of training and operating tempos (e.g. 850 miles per year per tank or fighting vehicle). Improvements made through increased flying hours (17 hours per crew per month), range modernization, and National Training Center rotations (28 battalions per year) will enhance the Army's readiness.

FIELDING EQUIPMENT

The OMA Force Modernization Program provides the one-time resources for the fielding of major new or modernized equipment procured in
FY 1985 and entering the Army inventory in FY 1987. These fielding costs include:

- Initial provisioning of repair parts and supplies.

- Operator training, training materials, publications and transition training.

- Transportation to fielding destination and deprocessing.

- Site Activation.

The FY 1987 OMA contains a total funding of $503 million for fielding of intensively managed systems. The Army has implemented several management initiatives to improve forecasting of operating and support costs. These include utilizing computer models combined with better understood data bases and standardized accounting systems reports.

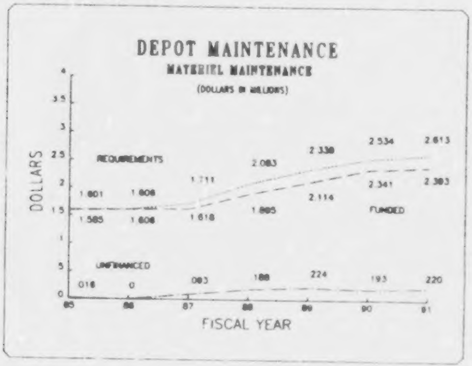
The OMA appropriation is central to the force modernization program which is even now only one third to one half complete depending on the weapon system in question. We must see the program through to avoid fielding delays and stretchouts due to lack of OMA resources, which would only serve to slow restoring America's deterrent strength.

SUSTAINING

To remain ready, the Army must maintain and sustain forces, facilities and equipment at acceptable levels.

Depot Maintenance Program

The FY 1967 budget is tailored to assure the Army a balanced depot maintenance program which continues to provide responsive support for units in the field though fiscally constrained in the maintenance support activities arena. The materiel maintenance program (overhaul, modifications, conversions) is financed except for $93 million which represents only a 5% backlog. Component repair and new systems are fully funded to maintain unit readiness.



INSTALLATION OPERATIONS

Installation operations encompass a myriad of activities and functions at the 95 major installations in the United States, 44 major military communities in Europe, 52 installations and activities in the Pacific, and the Panama Defense Complex. Army installations are better managed this year through the Army's initiatives to move to a Standard Installation Organization (SIO). Functional areas standardized include personnel, supply and maintenance, engineer, information management and contracting services to units and tenants on each installation.

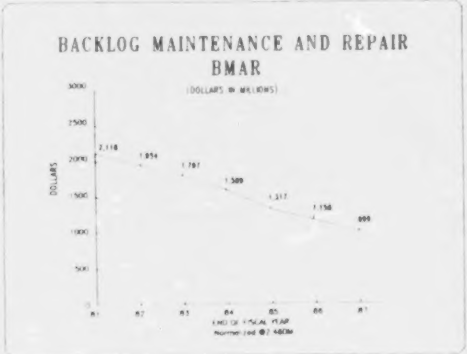
Real Property Maintenance Activities

The FY 1987 request for Real Property Maintenance Activities (RPMA) is $3.4 billion. The program growth in FY 1987 is $129 million . Each major installation or community is similar to a small city with many things; such as, buildings, utilities, airfields and roads, plus training areas and ranges not found in the civilian community.

Decent, well-maintained facilities and adequate services will result in a better satisfied military and civilian workforce. This contributes to a higher level of retention of skilled personnel, and to readiness itself.

Backlog of Maintenance and Repair (BMAR)

The projected BMAR reduction, in real terms, for FY 1987 is $157 million after normalizing for currency fluctuation. The Army operates and maintains an aging physical plant with extensive holdings worldwide. There are over 300,000 buildings and facilities in the inventory with an average age of 37 years. Over time, BMAR projects get more costly to accomplish because neglected facilities breed accelerated deterioration and inflation adds to the estimated cost.



Major areas expected to benefit from the BMAR reduction are utility systems ($45 million on a $205 million backlog); unaccompanied personnel housing ($34 million on a $205 million backlog); community facilities ($35 million on a $145 million backlog); and maintenance and production facilities ($12 million on a $111 million backlog).

Information Management

As you know, last year the Army brought together the communication; automation and other elements, so vital to information management, into one mission area. The merger of these once separately managed functions promises a greater return on the Army's investment in the area of information, both in the tactical and installation areas.

To accomplish this, there will be some modifications in how information management is reflected in the budget and managed in the Army. We have charged the Information Systems Command (ISC) with the task of operating the entire system for all functional areas, in all parts of the Army. Funding is provided direct to ISC for communications and large computer operations. For those automation services on installations, a chargeback system is being designed for implementation in one or two years. In the meantime, a reimbursable arrangement has been set up between Major Army Commands (MACOMS) and ISC.

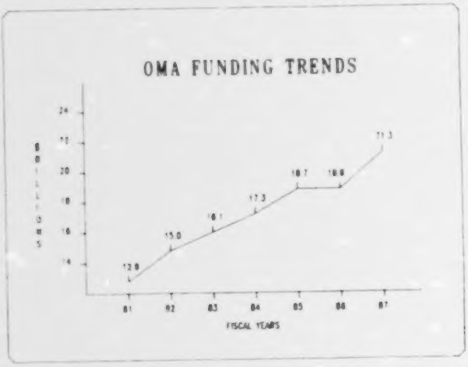
IMPACT OF GRAMM-RUDMAN-HOLLINGS REDUCTIONS IN FY 1986

Mr. Chairman, while I have focused thus far on the FY 1987 request, I believe that it would be appropriate to summarize the impact of the Gramm-Rudman-Hollings reductions on FY 1986 OMA funding. We have definitely slowed the Army's pace in FY 1986. Our strategy in taking these reductions, which were largely prescribed by the law, was basically to reduce programs across the board, with maximum flexibility being passed down to the commander in the field.

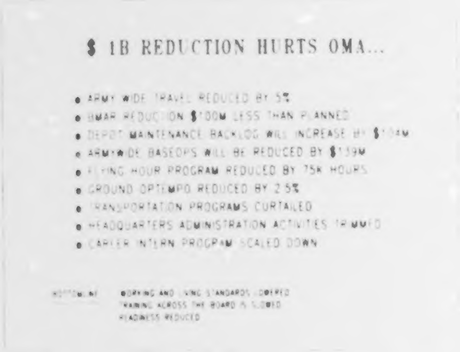
THE STRATEGY

- PROTECT PROGRAMS SUPPORTING QUALITY SOLDIERS
- USE INNOVATIVE APPROACHES TO TRAINING
- PRESERVE READINESS WITH LESS MONEY
- ACCEPT GROWTH IN THE MAINTENANCE AND FACILITIES BACKLOGS
- CIVILIAN PERSONNEL REDUCTIONS TO BE PROGRAMATIC

The healthy upward trend of OMA funding over the past few years has clearly been halted. Our FY 1986 funding is level at the same time Army investments are continuing to grow.



To sustain the Army's continuing growth and at the same time be compelled to take cuts, has not been at all easy. There is no doubt that negative impacts will be more visable as we execute the cuts during the year. One billion dollars of programmatic reductions in OMA will have a significant impact on the working and living conditions of our soldiers and civilians. These reductions come at a most crucial time, when the Army is seeking to be the best in the world.



$ 1B REDUCTION HURTS OMA...

- ARMY WIDE TRAVEL REDUCED BY 5%
- BMAR REDUCTION $100M LESS THAN PLANNED
- DEPOT MAINTENANCE BACKLOG WILL INCREASE BY $104M
- ARMYWIDE BASEOPS WILL BE REDUCED BY $139M
- FLYING HOUR PROGRAM REDUCED BY 75K HOURS
- GROUND OPTEMPO REDUCED BY 2.5%
- TRANSPORTATION PROGRAMS CURTAILED
- HEADQUARTERS ADMINISTRATION ACTIVITIES TRIMMED
- CAREER INTERN PROGRAM SCALED DOWN

BOTTOM LINE
WORKING AND LIVING STANDARDS LOWERED
TRAINING ACROSS THE BOARD IS SLOWED
READINESS REDUCED

CLOSING

In summary, funding an adequate OMA appropriation is critical to all parts of the Army. OMA is life support to the soldier and his family, to the fielding and sustaining of his weapons systems and to the maintenance and sustenance of his installations and logistics base. The amount requested provides the minimum necessary resources to keep the Army ready to fight and win anywhere in the world. In my judgement, our Army is prepared to meet tomorrow's challenges. With your continued support, we will fulfill the important missions entrusted to us.

LIEUTENANT GENERAL MAX W. NOAH
UNITED STATES ARMY

General Noah, born 19 February 1932, in Greensboro, N.C., is a graduate of the United States Military Academy, where he was commissioned a 2d Lieutenant in the Corps of Engineers on 2 June 1953.

After attending the basic engineer officer's course at Fort Belvoir, VA., and the Airborne School at Fort Benning, GA., General Noah joined the 3d Infantry Division in Korea in February 1954, where he commanded a platoon in the 10th Engineer Battalion. In October 1954, he joined the 74th Engineer Battalion, where he served as a company executive officer and later, company commander.

In the summer of 1955, General Noah returned to the United States and served for a year as the assistant operations officer and later, operations officer (S3) of the 307th Airborne Engineer Battalion, 82d Airborne Division at Fort Bragg, N.C.

Starting in July 1956, General Noah worked for a year as assistant to the Area Engineer on the Corps of Engineers' Oahe Dam in Pierre, S.D., performing a variety of engineer supervisory tasks in construction and engineering.

After obtaining a Master's Degree in Engineering from Purdue University at West Lafayette, IN., in August 1958, General Noah instructed cadets in electrical engineering and nuclear physics in the Department of Electricity at the United States Military Academy at West Point for four years. During his latter two years at the Academy he was assistant professor.

From 1962 to 1965, General Noah served as Assistant Chief of the Test Division at the US Army Tropic Test Center in the Panama Zone. In 1965, he returned to attend the Associate Course at the US Army Command and General Staff College at Fort Leavenworth, KS. Upon graduation, he returned to the 307th Airborne Engineer Battalion as the S3 for three months.

In April 1966, he joined the newly-formed headquarters of the 45th Engineer Group as Group S3 and traveled to Vietnam with the Group. In July 1966, he became Assistant Chief of Operations and later, Chief of Operations of the 18th Engineer Brigade.

Upon return from Vietnam in June 1967, General Noah studied defense systems analysis at the Institute for Defense Analysis in Arlington, VA.

In August 1968, General Noah assumed command of the 307th Airborne Engineer Battalion, 82d Airborne Division, Fort Bragg, N.C.

From August 1969 to June 1970, General Noah attended the Army War College at Carlisle Barracks, PA. Upon graduation, he was assigned as a staff officer in the Office of the Assistant Vice Chief of Staff of the Army in Washington, D.C. In March 1971, he moved to the Secretary of the Army's Office as a Military Assistant to the Deputy Under Secretary of the Army for Operations Research.

In July 1973, General Noah assumed command of the 2d Engineer Group in Korea. Upon return to the United States in August 1974, he was assigned as District Engineer at St. Paul, MN. where he supervised Corps of Engineers operations, construction and permit activities in N.D., MN. and WI as well as serving on US/Canadian international boards for water projects.

In January 1976, he was assigned to Headquarters, US Army Training and Doctrine Command, Fort Monroe, VA. as the Chief of the Analysis Office, Office of the Deputy Chief of Staff for Combat Developments.

In April 1977, he was assigned as Deputy Chief of Staff, Resource Management, Headquarters, TRADOC, Fort Monroe, VA.

In October 1979, General Noah assumed command of the Huntsville Division, US Army Corps of Engineers. While still assigned as Huntsville Division Engineer, he served in a TDY status with the Near East Project Office in Tel Aviv, Israel, assisting and supervising the establishment of management systems and procedures for accomplishing, on an emergency basis, the construction and procurement program for two airbases being constructed as part of the peace treaty agreement between Israel and Egypt.

In September 1980, General Noah was assigned as Commanding General, US Army Engineer Center and Fort Belvoir and Commandant, US Army Engineer School, Fort Belvoir, VA. In this position, he controlled training, training developments, and combat development of vital engineer equipment in support of engineer troops and troop units serving throughout the Free World.

In March 1982, General Noah was assigned as Director, Program Analysis and Evaluation in the Office Chief of Staff, Army.

In August 1984, General Noah was assigned as the Comptroller of the Army.

Among General Noah's awards and decorations are the Distinguished Service Medal, Legion of Merit with Oak Leaf Cluster, Bronze Star Medal, Meritorious Service Medal, Air Medal, Army Commendation Medal with Oak Leaf Cluster, and Senior Parachutist Badge.

General Noah and his wife, the former Priscilla Van Sickler of Washington, D.C. have three children, Kimbel, Van and Dabney.

BRIGADIER GENERAL CHARLES EDWARD WILLIAMS
UNITED STATES ARMY

General Charles E. Williams was born in Greensboro, AL., on 8 August 1938.

In June 1960 he graduated from Tuskegee Institute, Tuskegee, AL., with a bachelor degree in mathematics and biology, and received his commission as a 2d Lieutenant in the Corps of Engineers. He also holds a Master of Business Administration Degree (Comptrollership) from Atlanta University, Atlanta, GA. General Williams' military schooling includes the US Army Engineer Basic and Advanced Courses, Fixed and Rotary Wing Aviation Courses, the Command and General Staff College, the Military Officer Comptrollership Course, and the Army War College.

During these 24 years, General Williams has served in a variety of troop and staff assignments. His early command and staff assignments were with the 70th Engineer Battalion, Fort Campbell, KY; 37th Engineer Group, Germany; the First Aviation Brigade, Vietnam, and the 18th Engineer Brigade in Vietnam.

His mid level assignments include a two year tour in the Office of the Comptroller at AMC where he served as Management Analyst. While in this assignment he was the Comptroller's lead analyst on a comprehensive commandwide management by objective study. This tour of duty was followed by a three year tour in the Office of the Comptroller of the Army where he served as Staff Assistant to the Comptroller of the Army, Senior Budget Analyst for Training in the OMA appropriation; and Executive Officer to the Director of OMA, the Pentagon.

His follow-on assignments include Commander of 3rd Engineer Training Battalion, Fort Belvoir, VA; Deputy Brigade Commander, Engineer Training Brigade, Fort Belvoir, VA and Chief, Installations Planning Division, Office of the Assistant Chief of Engineers, the Pentagon. In this capacity he was responsible for automating the Army Stationing Installation Plan.

From June 1981 to June 1984, General Williams commanded the 18th Engineer Brigade and the Karlsruhe Military Community in Germany. As Brigade Commander and the USAREUR Engineer Task Force Commander, he was responsible for managing the Army's largest peacetime troop construction project since World War II. This construction effort resulted in the modernization of the Grafenwoehr and Vilseck tank ranges, enabling the ranges to accommodate the M1 and Bradley Fighting Systems.

General Williams' military honors include the Legion of Merit with Oak Leaf Cluster, Distinguished Flying Cross, Bronze Star Medal with Oak Leaf Cluster, Meritorious Service Medal with Oak Leaf Cluster, Army Commendation Medal with "V" device and Oak Leaf Cluster, the Air Medal with "V" and 29 Oak Leaf Clusters, the Federal Republic of Germany's Distinguished Service Cross, Vietnamese Cross of Gallantry with Silver Star, the Vietnamese Service and Campaign Medals, and the Army General Staff Identification Badge.

General Williams was selected as one of 372 outstanding young men in American in 1972.

General Williams is married to the former Marjorie Seymore and they have three children: Patty, employed in the Washington, DC area; Charles, Jr., Cadet at the United States Military Academy; and Calvin, Cadet at the Virginia Military Institute.

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REAL GROWTH

Mr. **Chappell**. Let's leave that last chart up because I want to come back to that in just a moment.

In fiscal year 1987, you are asking for $21.3 billion. That means a 5.5 percent growth; is that right?

General **Noah**. Yes, sir, but a large part of that is pricing, about a half a percent growth.

Mr. **Chappell**. Does that take into account inflation?

General **Williams**. It does, sir.

General **Noah**. The 5.5 percent does.

Mr. **Chappell**. That includes inflation?

General **Noah**. That is correct.

Mr. **Chappell**. On the half a percent real growth, that is after taking inflation and the rest out?

General **Noah**. That is correct, sir.

Mr. **Chappell**. What curtailment of funded programs have you had to make in order to bring your program down to where you are and is this going to affect your readiness requirements?

General **Noah**. First, our quality of life programs, which are actually not that big a part of OMA, we have kept up fairly high. Second, our fielding of our modernized systems coming on, an amount we kept up. That was basically putting the parts and repair parts and the training we would require to put those on the battlefield.

Where we start to cut beyond that is in the sustaining areas or in the part of the force where we would actually do the training. There probably will be some impact there in what we would call the OPTEMPO, as it goes down, we are seeking to offset it with better use of simulation devices and with frankly just better business and a much, much tighter belt.

Whether that will hurt us a lot in readiness or not, we don't feel that it will be a drastic cut. Then you get down to the last area of RPMA, your backlog of maintenance and repair and depot maintenance and in those two there will be a backlog.

In the RPMA area, BMAR should probably be about level. We will not have much of a decrease in the backlog as we have fought for in past years so there will be some impact in the depot maintenance area.

It will impact readiness, we would say minimally, however readiness is still our highest priority.

Mr. **Chappell**. Will the decision by the Army to reduce funding for the maintenance and repair of real property result in an increase in the backlog?

General **Noah**. I am sorry if I gave that impression, sir. The backlog of maintenance and repair will continue to decrease in RPMA.

Mr. **Chappell**. That is in real property maintenance?

General **Noah**. That is correct.

Mr. **Chappell**. So even with this austere budget, you are still going to cut down some of the backlog on real property maintenance?

General **Noah**. That is correct.

Mr. **Chappell**. What about depot maintenance?

General **Noah**. In depot maintenance, we will have a backlog in requirements. We will not be meeting all the requirements that we have on the plate.

Mr. **Chappell**. In other words, you will increase the backlog in depot maintenance?

General **Noah**. Yes, the backlog will increase. We will not be financing all the requirements, that is as we see them now.

Mr. **Chappell**. Once you apply Gramm-Rudman-Hollings to this, or have you applied Gramm-Rudman?

General **Noah**. I have not on that chart. If you looked at that chart in 1986, you would see that backlog there increased to about $104 million. If you looked at the Gramm-Rudman-Hollings, we had that on a previous chart, so what is zero there would go to about $104 million and that would have a concomitant increase in backlog to $197 million in the next year.

Mr. **Chappell**. And the total backlog for 1987 is what?

General **Noah**. The total backlog for 1987 would be $197 million.

Mr. **Chappell**. After Gramm-Rudman-Hollings?

General **Williams**. After Gramm-Rudman-Hollings.

Mr. **Chappell**. How do you plan to address the apparent conflict of constrained O&M budgets being placed even further in the negative by ever increasing amounts of modern, sophisticated equipment being purchased in fiscal year 1986 and 1987?

General **Noah**. Well, first, there is no doubt that our budgets have shown, at least from what we previously projected, that amount of equipment that we expect to buy, will go down, but needless to say in 1987 we are financing equipment that we have purchased in 1985.

I think I would answer that, Mr. Chairman, by saying if you look at the components of what we are funding, first we would fund a fielding amount for a piece of equipment and that amounts to fielding a certain number of days of supply for that equipment such as 30 days of PLL or the parts that a company would carry with that piece of equipment once we issued it.

We would still expect to finance that and that is a modernization cost. Once you have the equipment out there, you would expect to pay for the repair parts. You would expect to pay for those repair parts after that for the operation. If you can cut back and we are seeking ways to find innovative ways to operate that equipment, but still keep our training up, then you should be able to take some of your cuts there.

Depot maintenance costs, as you move downstream, you would cut back in priority on those programs.

Mr. **Chappell**. Let's talk about reduction in OPTEMPO. What are you talking about? Give us an example.

General **Noah**. OK, fine. Probably the best OPTEMPO that we are familiar with among the services is flying hours, and flying hours we have used for years in all the services as well as in the Army, for basically rotary wing aircraft.

Mr. **Chappell**. You show you are cutting that——

General **Williams**. 75,000 hours.

General **Noah**. That is only about a half a flying hour per crew per month. We are up around 16 hours per crew per aircraft.

Mr. **Chappell**. What is the flying hour rate for your equipment?

General Noah. It would vary, of course, by aircraft.

Mr. Chappell. What are we talking about, 27 hours a month?

General Noah. Sixteen to seventeen hours per crew in a helicopter per month.

General Williams. The 75 thousand hours, Mr. Chairman, lowered the crew monthly amount from 15.6 hours to 15.3.

Mr. Chappell. So you are cutting out just a half an hour.

General Noah. That is with the hit this year.

Mr. Chappell. As an example, what does that say when you operate the equipment that much less? What does that relate to with reference to the aircraft as an example?

General Noah. I would dare say the way that we applied it, probably would not affect any particular area. It probably would cut back on some particular operations in the flying hour program. You may be well aware, we have been taken to task sometimes in the past for not flying the number of hours that we are supposed to be flying.

I don't think we have that fine enough measurement to say exactly what a half a flying hour per crew per month per aircraft would exactly do to us. We are trying to build up to a goal that the Army Chief of Staff established about a year or so ago of over 20 hours per crew per month, but to do that we have to build up an inventory of spares and repair parts as well as just money. We plan to reach that goal, I believe, by 1991.

It has been determined by the aviators that they need about 20 hours per crew per month to fly properly.

Mr. Chappell. I don't see how you can keep up your proficiency under 20 with the equipment we are talking about. Now you are down to 15 hours a month. That is a little over 2 hours a week. That is cutting it awfully tight, isn't it?

General Williams. That is correct, Mr. Chairman.

Mr. Chappell. What about proficiency? Have you seen studies on what that is going to do with regard to proficiency?

General Noah. We feel it shows up.

Mr. Chappell. It may be so slow, what you have now, it doesn't make that much difference.

General Noah. We have not been that well in flying hours. Mr. Chairman, 2 or 3 years ago we were down to 12 or 13 hours per crew per aircraft.

Mr. Chappell. Let's take the OPTEMPO on the tank program.

General Noah. We started measuring that two years ago. 850 miles per year per tank is our stated OPTEMPO that we are asking for in the 1987 budget. That allows a certain number of exercises for a year. Let's say a tank battalion in Europe, it will allow, as I recall, about one solid visit to Grafenwoehr per year and then local training, which the tankers feel is required for them, but we are fielding training devices to include the UCOFT which complements the training, but cuts back somewhat on the use of the tank.

It also forces, in a way a different way of getting the tank to the range, and it moves us into a position sometimes of having to maybe put a permanent force on the range of tanks and not have them take their own tank, say, on a train.

You would say well, maybe that is OK, but there are advantages and disadvantages, as you may realize, not having your own equipment out there, but it compels us to take measures to save money, and you say, well, that is good, but there may be some disadvantages before we didn't want to do.

Mr. CHAPPELL. You say 850 miles a year per tank. What was it last year?

General NOAH. That has been about what we have had.

Mr. CHAPPELL. For several years?

General NOAH. That is correct.

Mr. CHAPPELL. Is this before or after Gramm-Rudman-Hollings?

General NOAH. Gramm-Rudman is cutting that about twenty miles, I think, per tank. It is about like the aviation. I don't know if I could provide you an impact in training readiness this year, for that much of a Gramm-Rudman reduction. I can give you specific examples, but not for overall training readiness.

Mr. CHAPPELL. What can you tell us about aircraft flying hours and the tank hours or tank mods? Have you applied that sort of thinking pretty much across the other programs?

General NOAH. I have tried to.

Mr. CHAPPELL. Are your simulators in place sufficiently to pick up a lot of the training gap?

General NOAH. Yes.

Mr. CHAPPELL. What simulators do you have? I know you have new ones in the line, but are they getting into the field yet?

General NOAH. Yes. For instance, let me use the example of the UCOFT tank, the firing training for the tank.

Mr. CHAPPELL. Is that the one built by GE?

General NOAH. I beg off for ignorance, I don't know exactly who built it. I looked at it in Grafenwoehr last year.

Mr. CHAPPELL. You can train the whole crew together?

General NOAH. Everybody except the driver.

Mr. CHAPPELL. What percentage of your people are you going to be able to train now with a simulator?

General NOAH. It is an M-1 simulator so I think we have that for approximately half the force. I would prefer to provide that for the record. I don't have that answer.

Mr. CHAPPELL. Put it in the record because I think it is important to us to know how much of that slack is going to be picked up in the simulators.

[The information follows:]

The M-1 Tank Unit Conduct of Fire Trainer is designed to teach the tank commander and gunner skills which previously could not be practiced on tank gunnery ranges as well as to sustain basic gunnery skills at levels previously unattainable. When the program is complete, each tank battalion will have a Unit Conduct of Fire Trainer. This simulator will operate approximately 3,500 hours annually. Each of the battalion's tank commander/gunner pairs will train in the simulator approximately 5 hours monthly.

An M-1 tank battalion has 501 enlisted soldiers authorized by the Table of Organization and Equipment. However, 266 of these soldiers perform duties which are essential to the operation of the battalion but not directly related to fighting the M-1 Tank. Examples include, medical personnel, food service personnel, mechanics, administration and supply personnel, etc. Of the 235 soldiers directly involved with fighting the tank, 50 percent, the commander/gunner pairs, train approximately five (5) hours monthly in the Unit Conduct of Fire Trainer.

General **Noah**. General Wickham has directed the Army to start efficient use of those, just as we have used the aircraft simulators.

Mr. **Chappell**. What about the Bradley fighting vehicle? Are your simulators in the field for training on that?

General **Noah**. That is not as advanced as the tank.

Mr. **Chappell**. It is almost exactly like the tank now, just the same kind of equipment. It varies very little. How much of that is in the field?

General **Noah**. I will have to provide you an answer on that, Mr. Chairman.

[The information follows:]

When the program is completed the Army will have 256 Bradley Fighting Vehicle Unit Conduct of Fire Trainers. Currently, there are 44 systems in use. An additional 14 systems are either in shipment or are being installed in units.

Mr. **Chappell**. Provide also what percentage of your people you are going to be able to train on the simulators affected by that.

[The information follows:]

There are 786 soldiers assigned to a Bradley Fighting Vehicle equipped mechanized infantry battalion. However, 374 of these soldiers do not fight the Bradley, but are involved in other areas which are critical to the sustainment of combat operations. These areas include mortarmen, anti-tank gunners, food service personnel, supply personnel, mechanics, medics, etc. Of the 412 infantry soldiers remaining, the Bradley Commanders, alternate commanders and gunners train in the Unit Conduct of Fire Trainer up to 60 hours annually. The Bradley Unit Conduct of Fire Trainer will support battalion gunnery sustainment training requirements for 3,500 hours annually.

General **Noah**. One remark on the simulators. We feel that they complement training, but the units still feel that there is nothing that substitutes for the actual vehicle.

Mr. **Chappell**. That is the point I am about to come to. You can have all the simulators you want and you can spend four and five times as much time in the simulator as you would in the aircraft or in the tank and you are not going to get the proficiency, but if you are going to have this cutback, you are going to have to double up and do more work in the simulators if you are going to try to stay proficient.

General **Noah**. We have simulator technology coming on called SIMNET, which is more complete and would include the driver.

IMPACT OF GRAMM-RUDMAN-HOLLINGS

Mr. **Chappell**. Please answer the questions on Gramm-Rudman-Hollings impacts for the record.

[Clerk's note.—Questions submitted by Mr. Chappell and the answers thereto follow:]

Question. The Operation and Maintenance accounts all received a reduction of 4.9 percent as a result of Gramm-Rudman-Hollings actions in FY 1986.

Would you please give the Committee a brief rundown of the total dollar impacts and then impacts on major programs, such as real property maintenance, depot maintenance, flying hours, civilian personnel, etc?

General **Noah**. The 4.9 percent Gramm-Rudman-Hollings reduction in the FY 86 OMA Appropriation has the following impact:

[Dollar amounts in millions]

OMA PSP	FY 1986 appropriations	4.9 percent bogey	Reduced appropriations
P2	$7,352	360	$6,992
P3	1,463	72	1,391
P7	5,049	247	4,802
P8	4,453	218	4,235
P9	1,125	56	1,069
P10	166	8	158
Total OMA	19,608	961	18,647

Major Program Impact:

BMAR Reduction is slowed by $89 Million.

Depot Maintenance backlog is increased by $104 Million.

Flying Hours were reduced by 75,000, or from 15.6 to 15.3 hours per crew per month.

Civilian Manpower was not directly reduced, although functional reductions may have an indirect effect.

QUESTION. For the record, provide a detailed description showing FY 1986 request, FY 1986 estimate in the FY 1987 request, current FY 1986 estimates after Gramm-Rudman-Hollings, and FY 1987 estimates. Please break out this description, first by Budget Authority and budget program, and then by aggregating programs, such as real property maintenance and flying hours.

General NOAH.

[By fiscal year, in millions of dollars]

OMA PSP	1986 req	1986 est / 1987 req	1986 est after G-R	1987 est
P2	7,030	7,629	6,992	7,800
P3	1,283	1,503	1,391	1,624
P7	5,894	5,215	4,802	5,673
P8	4,419	4,537	4,235	4,805
P9	1,371	1,151	1,069	1,215
P10	193	176	158	225
Total	20,190	20,211	18,647	21,342
BMAR (thousands)	$1,156	$952	$1,245	$999
Flying hours (thousands)	1,427	1,422	1,349	1,507
Amount (millions)	$307	$298	$241	$275

QUESTION. How will the FY 1986 Gramm-Rudman-Hollings cuts affect the going-in position of FY 1987 of items such as RPM backlog, depot maintenance backlog, civilian strengths (average and end).

General NOAH. The FY 1986 Gramm-Rudman-Hollings cuts have the following effects:

[In millions of dollars]

	Going-in	Year end	Change
BMAR:			
Pre GRH	1,156	999	(157)
Post-GRH	1,245	1,088	(157)
BMAR rise	89	89	
Depot Maint. Backlog:			
Pre-GRH	0	93	(93)
Post-GRH	104	197	(93)
Backlog rise	104	104	

Civilian Strengths: As a result of a recent review of command implementation of Gramm-Rudman reductions for FY 86, it is estimated that Army's civilian strength on 30 September 1986 will be near the FY 86 budget estimate of 412.5 thousand (FY 86 column, FY 87 President's Budget). The Army's FY 87 budget estimate for civilian manpower at end, FY 87 is 410.5 thousand, which reflects a reduction of 2,000 from the projected start position of 412.5 thousand at the beginning of the fiscal year. Careful monitoring of command employment projections and personnel spending by Headquarters, Department of the Army should ensure that these levels are attained.

[CLERK'S NOTE.—End of questions submitted by Mr. Chappell.]

DEPOT MAINTENANCE

Mr. CHAPPELL. We have touched briefly on depot maintenance, but I would ask that you answer the questions for the record on this subject.

[CLERK'S NOTE.—Questions submitted by Mr. Chappell and the answers thereto follow:]

QUESTION. The Army has requested total funding of $1.6 billion for depot maintenance in FY 1987. This level of funding, according to the DoD O&M Overview Depot produces no financial backlog of depot maintenance in FY 1987. However, your justification for this program identifies an unfunded requirement of $84.8 million.

Would you explain to the committee the difference between a financial backlog and an unfunded requirement?

General NOAH. Unfinanced requirements are those requirements which cannot be executed for various reasons, e.g., funding or executability. Financial backlog is that portion of the unfinanced requirements solely due to funding constraints. The Army has not experienced a problem with executability in the past, thus we have often used the terms unfinanced requirements and financial backlog interchangeably.

QUESTION. We understand there was a difference of opinion between yourselves and OSD concerning this issue. Why do you believe you can execute the higher depot maintenance funding level?

General NOAH. In fiscal year 1987, OSD determined that at the time the budget was formulated, the Army might not be able to execute the unfinanced requirement. The Army's position is that the unfinanced requirement is executable through the expeditious use of overtime and increased emphasis on contracting.

Question. The past two years the Army has been able to reduce funding for depot maintenance from appropriated amounts without adding to the backlog. In fiscal year 1985, your initial request was $1.7 billion and you projected a backlog of $131 million. You were able to reduce funding by $100 million and at the same time still eliminate your backlog. A similar situation occurs in FY 1986, where funding decreases by almost $100 million and yet you eliminate the backlog for that year.

How do you account for your ability to reduce funding and yet still be able to eliminate your backlog?

General Noah. Over the past few years, there has been an intensive ongoing analysis of depot maintenance requirements. This ongoing analysis has resulted in requirements reductions in all years. As an example:

Applying combat vehicle evaluation (CVE) criteria in lieu of mileage/age as the determining overhaul criteria.

Applying actual overhaul and repair performance data and costs in lieu of engineering estimates of projected failures and the associated costs to repair them.

Elimination of the DIVAD Program and other program slips.

Question. Could a case be made that the Army overestimated its requirements, or at least its ability to execute its requirements?

General Noah. Yes, a case could be made that requirements were overstated. However, the Army has recognized this and has done an intensive review of the requirements determination process, resulting in initiatives such as those above which have reduced requirements.

Question. What is the current status of your depot maintenance program for FY 1986? Do you still anticipate funding requirements of $1,588,000 and no financial backlog?

General Noah. The Army budget reduction of Gramm-Rudman-Hollings resulted is $104 million backlog which is executable. Therefore, the unfinanced requirement is $104 million. Additional changes to this program may be required due to severe resource constraints across the Army.

Question. If your FY 1986 program has changed, what impact will it have on your FY 1987 program?

General Noah. Due to the fiscal year 1986 reduction of $104 million associated with Gramm-Rudman-Hollings, the backlog in fiscal year 1987 will grow from the budget figure of $93 million ($85 million in other depot maintenance and $8 million in modernization) to $197 million.

[Clerk's note.—End of questions submitted by Mr. Chappell.]

READINESS INITIATIVES

Mr. Chappell. In fiscal year 1987, the Defense Appropriation Act provided $137,000,000 to enhance unit training and provide for necessary equipment and supplies for force protection and organizational clothing and equipment.

Can you provide a detailed description of how this $137,000,000 will be spent?

General Noah. Yes, sir, be happy to.

We spent $60 million of that on unit training which we have been talking about today. We spent $27 million of that on organizational clothing and equipment. We spent $50 million on force protection which, of course, is very important in the realm of the terrorist problems we have been having this year and that totals up to the $137 million.

Mr. CHAPPELL. Have you been able to demonstrate that your readiness has improved by these initiatives?

General NOAH. I don't know if we took a snapshot of the corps, but it has shown up in our readiness reports. I have not measured that particular $137 million, but I can provide a little more detail.

[The information follows:]

In the training area monies will be used to increase collective tactical unit training at company through battalion task level. This has a direct impact on readiness in that additional manuver training is possible. For organization clothing and equipment the $27M is divided as follows:

[Dollar amounts in millions]

Item	No	Cost	Destination
Cbt Veh Crewman Uniform	25,407	$12.5	Force Package 1 and 2
PASGT Vest	15,243	7.5	Force Package 1 and 2
Extended Cold Weather Clothing System	13,618	7	Light Inf Divisions, SOF Zone 1

These items directly affect readiness by providing either improved protection for troops or allow quick reaction forces to be deployable to cold regions.

Within the force protection area $10M in equipment dollars will be spent to purchase secure hand held radios and base stations for military and civilian guard forces. The $30M of Minor Military Construction dollars will be used to strengthen access points on vulnerable installations with guard towers, fencing and lighting. A portion of the monies (10M) will be used for contract guards. More efficient force protection measures reduces the borrowed military manpower needed to counter the European terrorist threat. This reduction in borrowed military manpower allows more personnel to be present for training.

QUESTION. Are there other areas in FY 1987, considering your constrained O&M request, where funds could be put to good use to improve readiness?

General NOAH. In FY 87, as in FY 86, additional obligation authority could be applied to readiness enhancers. Specific programs include unit training, medical readiness programs, organizational clothing and equipment shortfalls, and our backlogs in maintenance and repair and depot maintenance. All of those programs are fiscally constrained but contribute to the Army's overall readiness.

Mr. CHAPPELL. Can you tell us at this point, by numbers of divisions or units, what the status of readiness is at this point as compared to a year ago? In other words, how many of your units are in the top level of readiness?

General NOAH. I don't have that at my fingertips right now.

Mr. CHAPPELL. Could you furnish that for the record.

General NOAH. Yes, sir.

[The information follows:]

In April 1985 —— major combat units —— reported C1, which is the highest unit status rating. By comparison, this April, —— reported C1.

Mr. CHAPPELL. But you think it has improved since last year?

General NOAH. Yes.

To give a thumbnail sketch, for a division to run a year the budget may run in OMA from $2 million to $3 million. So it has definitely helped us.

Mr. CHAPPELL. Are there other areas in fiscal year 1987, considering your constrained O&M request, where funds could be put to good use to improve readiness?

General NOAH. In 1987 I would say probably the biggest area of readiness funding that we need to look at would be the depot maintenance arena which is readiness and sustainability both.

Mr. CHAPPELL. Are you saying you are doing a better job in the management of the depot maintenance or are you saying you will have to take moneys out and put them directly into the units to improve readiness?

General NOAH. Depot maintenance readiness is made up of training and the spare parts and equipment in the units. You can say readiness feeds off into sustainability. It depends on the readiness of the equipment to actually go out and do this and some of that depends on the depot maintenance.

About 85 percent of our depot maintenance in general goes in, is depot-maintained and then comes back out repaired. The other 15 percent is equipment that may be replaced by modernized equipment and then moves on to such things as the Guard and Reserve so it is very critical as you go into depot maintenance and consider the fact that the amount of equipment going through there also contributes to readiness.

FLYING HOUR PROGRAM

Mr. CHAPPELL. If we looked at a profile of 1980 and now, can you say that your pilots are more or less proficient today than they were in 1980?

General NOAH. I would say definitely they are much more proficient.

Mr. CHAPPELL. Would you say not only is the proficiency level higher, but that the level of the individual pilots throughout the service is definitely higher?

General NOAH. Definitely.

Mr. CHAPPELL. Is that improved efficiency a result of increased flying time or higher quality of training or better aircraft weapons systems or improved maintenance? What do you attribute that to?

General NOAH. I would say all of the above, but the fleet is quite different today. The AH-64 is just coming in, the Blackhawk has increased significantly. We have upgraded the CH-47. We still have the HUEY, but we have ever increasing numbers of aircraft.

I would say probably it is due to better maintenance and probably increased flying hours is a significant part of that, no doubt that is.

Mr. CHAPPELL. And certainly maintenance is tremendously improved and the spare part situation has improved a lot?

General NOAH. Yes.

Mr. CHAPPELL. Are you going to get real hurt by Gramm-Rudman-Hollings in spare parts?

General Noah. We will if we would continue to fly at the rates we are now. We gauge our flying hours by the repair parts we can provide, not just by the fuel.

Mr. Chappell. But when you cut back for Gramm-Rudman-Hollings, what is going to be the impact?

General Noah. The impact will be the half an hour per crew per month. I haven't met the aviator that can describe exactly what that means.

Mr. Chappell. That is hard to gauge that low anyway. You are trying to maintain proficiency at 15 hours. I don't know how a half hour is going to make much difference.

General Noah. That is an average.

Mr. Chappell. Once you get up to 18 or 19 hours, if you increased it by half an hour, it might do a whole lot.

General Noah. That translates into a planner or operator somewhere probably cutting out two or three exercises during the year.

Mr. Chappell. Your flying hours increase by 69,000 hours from 1,470,000 hours in 1986 to 1,539,000 hours in fiscal year 1987. How much of that is the result of increases in aircraft inventory?

General Noah. How much of that is due to increased aircraft inventory?

Mr. Chappell. Yes, sir.

General Noah. I would have to provide that exactly for the record.

Mr. Chappell. Would you also do that and tell us about the increases in average flying time.

General Williams. We can give you the average flying time now, Mr. Chairman.

[The information follows:]

The Army program is expressed in hours per crew per month. Growth in flying hours from Fiscal Year 1986 to Fiscal Year 1987 is caused primarily by an increase in hours per crew per month. This increase is approximately 2.6 hours per crew per month.

Mr. Chappell. Would you please answer the remaining flying hour questions for the record.

[Clerk's note.—Questions submitted by Mr. Chappell and the answers thereto follow:]

Question. What are the minimum number of flying hours per month necessary to keep an experienced/inexperienced Army pilot mission ready, comparable to a C–1 unit status?

General Noah. The criteria and, therefore, number of hours required for a unit to be fully Combined Arms trained (C–1) differ from that required for a pilot to be categorized as mission ready. Hours required also differ according to type aircraft, type unit, unit mission, and unit's geographical orientation. For example, the full unit combined arms training requirement for a scout pilot (OH) assigned to an Attack Helicopter Company in FORSCOM is approximately 18 hours a month versus 23 hours a month for a similar pilot in Korea. A scout pilot (OH) assigned to a cavalry unit would require 16 hours a month in FORSCOM and 17 hours a month in Korea. The minimum number of hours required for the scout pilot to meet FAC 1, ARL 1 mission ready status for either unit or location is approxiately 10 hours per month. These levels of training, however, only prepares the pilot to fly the aircraft and does not mean the unit is collectively trained to perform its mission. The commander is authorized to reduce a maxium of 25 percent of the minimum FAC 1, ARL 1 minimums for an experienced pilot for transfer to an inexperienced pilot.

QUESTION. What are the advantages gained by Army pilots in flying above the minimum mission ready level?

General NOAH. As stated in the answer to your last question, the minimum mission-ready level is insufficient to maintain the unit's readiness requirement. Additional hours are required for pilots and the unit to practice the skills needed to perform their combined arms combat mission. There is, of course, a point where the increase in proficiency would not warrant the associated increase in costs. At what level this would occur is not known emperically, as we have not reached the levels required.

QUESTION. Is there any way to quantify or measure improved proficiency and if so can you assess the relative impact of each of the aforementioned factors?

General NOAH. The Army improves its capability to conduct combat operations through improved training, equipment and maintenance. The advanced aircraft currently being fielded add capability to Army Aviation that could not otherwise have been achieved. The aircraft require well trained pilots to realize their full potential. The best way to train pilots is to give them as much time with their aircraft as practical. And, of course, aircraft availability is dependent on maintenance. Each factor, while appearing independent, depends on the other. Training affects maintenance, maintenance affects capability, etc. Currently, there is no way to quantify the interrelationship.

QUESTION. We know that there have been considerable improvements in your aircraft safety levels. Would you compare aircraft accident rates to those in FY 80?

General NOAH. The Class A accident rate at the end of FY 85 was 3.0 accidents per 100,000 flying hours compared to a 2.21 rate in 1980. The Class A to C rate was 8.81 at the end of FY 85 compared to an 8.20 in FY 80. The current Class A accident rate as of 29 Apr 1986 is 2.33.

QUESTION. Can you identify the decrease in accident rates as a result of pilot error, equipment malfunction or failure and any other reason.

General NOAH. Army aircraft accidents have been reduced from 54 major accidents per 100,000 flying hours in 1958 to the present rates. This reduction is the result of the Army's sustained commitment to the safety of its personnel and the conservation of its equipment. Examples of safety program and management initiatives which have helped decrease accident rates include:

Steady improvement of equipment reliability.

Steady improvement in new equipment training.

Advent of system safety management.

Establishment of the Army Safety Center.

Continual active involvement by all levels of Army leadership.

Current Army programs to decrease aviation accidents include a multifaceted human error reduction effort, a Flight Safety Parts and Aircraft Life Surveillance Program, and the purchase of Flight Data Recorders for all new aircraft systems.

QUESTION. A case can be made that the wear and tear on the aircraft as a result of the increased flying time could actually cause more accidents than if you flew less. How would you respond to this assertion?

General NOAH. Accident statistics do not support this hypothesis. In fact, the U.S. Air Force attributes an increased flying hour program as being a major factor in their best aviation safety record ever during CY 85.

The maintenance of Army aircraft is directly related to the flying hour program. Each aircraft type has a definitive maintenance program consisting of regularly scheduled inspections and phased maintenance from the crew chief level of maintenance to depot level repairs and overhauls.

QUESTION. Is there a level of flying hours per pilot per month when there is little or no gain in proficiency and, in fact, the cost exceeds the benefits?

General NOAH. The Army has yet to reach its required level of flying hours. The hours now programmed do not exceed cost to benefit.

QUESTION. Can you assure the committee that the flying hours used are used for hard core training purposes and not just practicing take offs and landings and instrumentation drills?

General NOAH. The flying hours are used to enhance the combat readiness of aviators. Obviously, while training in the combat missions, take offs and landings are performed. Some of these are part of the "hard core training" in that they are done at night and with night vision goggles, etc. I believe that the take offs, landings, and instrument training you are referring to as not being "hard core" are mostly done during initial flight training and sustainment training.

QUESTION. Does the Army have a system to allocate more flying hours to newer, less proficient pilots, than to the older, more experienced pilots?

General NOAH. Commanders are authorized to transfer up to 25% of minimum FAC 1 ARL 1 flying hour requirements from more experienced pilots to less experienced pilots. However, since most helicopters are flown by two pilots, commanders match the more experienced with the less experienced. Therefore, the transfer of hours may not be realized.

QUESTION. How many flying hours in FY 1980 and FY 1987 are devoted to staff/support pilots and how many to operating crew pilots?

General NOAH. Staff pilots are required to fly approximately five hours per month to maintain a minimum level of individual proficiency. The Army does not keep specific data on how many hours are devoted to staff support pilots versus operating crew pilots. In Fiscal Year 1984 the Army did start tracking hours per crew per month (OPTEMPO) for the Combat MACOMs (FORSCOM, USAREUR, WESTCOM, and EUSA). The OPTEMPO for the Combat MACOMs is as follows: Fiscal Year 1984—13.5; Fiscal Year 1985—13.1; and projected for Fiscal Year 1986—15.4 and Fiscal Year 1987—18.

Question. How many hours per month on the average did staff personnel receive in FY 1980 and what will they receive in FY 1987?

General **Noah.** The Army does not keep data on how many hours staff support pilots actually flew.

Question. Are there any equipment failures or other unprogrammed occurrences which will cause a change in the programmed FY 87 flying hour program?

General **Noah.** The Army foresees no equipment failures that would impact the Fiscal Year 1987 Flying Hour Program.

Question. What has been the total growth from FY 1980 to the current request in Army flying hours?

General **Noah.** There has been a growth of 419,837 hours from 1980 to 1986 for the entire Army Flying Hour Program.

Question. How much of the growth is tied to increases in aircraft inventory?

General **Noah.** Growth in the flying hours is caused primarily by an increase in the number of hours per pilot per month. The increase in the aircraft in the Army inventory was a secondary factor in increasing the number of hours.

Question. What has been the growth from FY 1980 to 1987 in average flying time per month per pilot?

General **Noah.** In very broad terms the aggregate average hours per month available to the total aviation population was approximately 9.2 hours in Fiscal Year 1980 while in Fiscal Year 1987 it is projected to be approximately 8.2 hours. This should not be confused with Operational Tempo (OPTEMPO) which is hours per crew per month for the Combat MACOMs (FORSCOM, USAREUR, EUSA, and WESTCOM) which is projected to be approximately 18.0 hours/crew/month in Fiscal Year 1987.

Question. What has been the increase in pilots per aircraft from FY 1980 to 1987?

General **Noah.** In Fiscal Year 1980 there were approximately 14.1 thousand aviators in the total force while in Fiscal Year 1987 it is projected to be 18.7 thousand.

Question. For the record provide the number of active aircraft, the number of flying hours and cost (by appropriation) by aircraft type for FY 1980, 1986 and 1987.

General **Noah.** The following data represents the active (O&M Army) data for aircraft hours and costs:

FISCAL YEAR 1980 (ACTIVE)

Aircraft	No. of aircraft *	Hours	Costs (millions)
AH-1	959	98,685	$30.5
AH-64			
CH-47A-C	455	41,952	27.3
CH-47D			
OH-6	403	1,395	1
OH-58A-C	2,014	211,684	10.2
OH-58D			
TH-55	158	96,021	4.6
UH-1H	3,866	565,298	75.2
UH-60	73	18,434	8.7
C-12	80	47,658	10.2

FISCAL YEAR 1980 (ACTIVE)—Continued

Aircraft	No. of aircraft *	Hours	Costs (millions)
OV/RV	193	16,696	4.5
U-21/RU-21	151	48,413	5.5
T-42	55	17,991	1.1
U-8	52	6,258	4

* Includes all aircraft in the Army. Breakout data not available.

FISCAL YEAR 1986 * (ACTIVE)

Aircraft	No. of aircraft *	Hours	Costs (millions)
AH-1	843	138,252	$35.8
AH-64	48	20,550	13.2
CH-47A-C	149	30,947	19.9
CH-47D	126	17,831	12.6
OH-6	20	6,800	7
OH-58A-C	1,246	249,129	15.2
OH-58D	6	2,013	.3
TH-55	158	102,575	6.6
UH-1H	1,406	474,008	61.6
UH-60	631	156,652	51.5
C-12	83	55,069	4.4
OV/RV	108	21,254	8.7
RC-12	16	8,738	1.4
RU-21	17	9,341	1.9
T-42	26	15,520	9
U-21	96	40,655	6.0

* Post Gramm Rudman.

FISCAL YEAR 1987 (ACTIVE)

Aircraft	No. of aircraft *	Hours	Costs (millions)
AH-1	801	182,739	$47.7
AH-64	142	46,747	22.6
CH-47A-C	121	20,588	12.9
CH-47D	150	25,746	18.4
OH-6	20	6,828	7
OH-58A-C	1,229	297,038	18.4
OH-58D	44	17,313	2.7
TH-55	158	102,575	6.8
UH-1H	1,447	461,639	58.6
UH-60	708	190,188	62.6
C-12	92	54,600	4.0
OV/RV	108	25,363	10.5
RC-12	16	9,000	1.4
RU-21	23	8,550	1.8
T-42	26	17,185	1.0
U-21	93	40,799	5.9

[CLERK'S NOTE.—End of questions submitted by Mr. Chappell.]

Mr. CHAPPELL. Mr. Miller.

BASE COMMUNICATIONS

Mr. MILLER. Thank you, Mr. Chairman.

The committee has heard reports that the Army failed to capitalize on the opportunity to buy out uneconomical leases on telephone instruments.

Is it true that in most installations you are still leasing telephones when you could have purchased them outright several years ago?

General **Noah**. We have been sluggish on that, sir. We have not done well. We have learned our lesson and we are now moving ahead.

As you know, the payback period for buying out a telephone lease is approximately one year and we are now picking that up, Mr. Miller.

Mr. **Miller**. Do you feel that there are installations that are not covered by modernization programs which could experience savings by buying out these old telephone leases?

General **Noah**. I think there are, but I think that we are picking those up in fiscal year 1987, the majority of those. We are having to spend the money to buy those out. We have $3 million in 1987.

Mr. **Miller**. Do you have a request for funds to buy out those leases, and if so, how much? If you do not have it, you could furnish that for the record.

General **Noah**. I will be happy to, sir.

[The information follows:]

The Army has an aggressive plan to purchase telephone instruments instead of continuing to lease them. In FY 1987 $3 million will be spent on buying out telephone instrument leases. The only area in which telephone purchases will be delayed are installations that are scheduled to receive new electronic switching systems within the next 12-18 months. When new switches are procured the Army plans to purchase Dual Tone Multiple Frequency (DTMF) telephone instruments (Touch Tone instruments) which are necessary in order to maximize new Electronic Switched System (ESS) capabilitities.

Mr. **Miller**. Where in the Administration and Associate Activities portion of the budget was Headquarters Data Processing Facilities funded in FY 1985?

[Information follows:]

Headquartes Data Processing Facilities were funded in the Departmental Headquarters Support activity group in the Program 9 Administration and Associated Activities portion of the budget for FY 1985. These funds are displayed on page 95A-2 of the Operation and Maintenance, Army justification book, under U.S. Army Information Systems Command.

TRANSPORTATION

Mr. **Miller**. On transportation, we understand you are programming for increases in transportation requirements for commissaries in fiscal year 1987, when they have remained relatively level for the past several years. How much would the funding be reduced if the tonnage was held to the FY 1986 levels?

General **Williams**. Mr. Miller, as you probably know, we get our forecast of transportation requirements from the Defense Logistics Agency and then we program and budget accordingly. It does show a $823,000 increase between 1986 and 1987, and this is largely driven by our transportation costs for meat purchases from the United States delivered to our European commissaries, and obviously if we were denied this amount, the funding would be reduced by $823,000.

Mr. **Miller**. Trends in this program indicate that the Army is increasing its reliance on air transportation in lieu of surface or sealift. Why are you opting to increase shipments on the more expensive air routes?

[The information follows:]

The Army is not increasing its reliance on air transportation. Projected air requirement for fiscal year 1987 is 76,419 short tons, down from a projected 78,985 short tons for fiscal year 1986. A 4.5 percent increase in Military Airlift Command cargo rates in fiscal year 1987 result in an additional $1.3 million to ship less cargo.

FULL PRICES

Mr. **Miller**. In another area, we will have before us this afternoon the Defense Logistics Agency, and they are really the agency responsible for defense fuel purchases. But nevertheless, perhaps you could give us a little background as to the current status regarding fuel consumption for the Army and the price that you are paying for that fuel.

I am interested in that because of the drop of fuel prices at the pump, 40 percent or so right at the present time, and it seems that there is quite a lag before you receive credit for this. We will follow though with the Defense Logistics Agency later, but we would appreciate any information that you could give us regarding the impact of the drop in oil prices, and what you are paying now compared to what you were paying last year.

General **Williams**. Mr. Miller, that is a good question and the procedure goes like this: We budget on a stabilized rate for each of the services, a stabilized rate that is provided to us by DOD. We prepare our budget based on that stabilized rate and we execute and pay against that stabilized rate so any change in the prevailing condition relative to fuel during the course of the execution year, would be handled at the defense level rather than at the service level.

Another point to keep in mind is that I know that the pump prices are going down, and we hear a lot about the crude price per barrel, we hear much about that, but before that price is transferred to us in the service, it has to be worked through the stabilized rate apparatus in OSD.

Mr. **Miller**. Stabilized in the rate?

General **Williams**. Yes, sir.

Mr. **Miller**. What are you calling the stabilized rate?

General **Williams**. There is a stabilized rate adjustment each year by the DOD and those rates are passed to the services for budgetary purposes.

General **Noah**. That is a revolving fund as if you would run a store and basically the store sets its price once a year.

Mr. **Miller**. And is that price the same for all the services? For jet fuel, for example, is the Army charged the same as the Air Force?

General **Williams**. It is the same across the board for the type fuel.

Mr. **Miller**. Very good.

Thank you, Mr. Chairman.

UNEMPLOYMENT COMPENSATION

Mr. **Chappell**. Just a quick question on unemployment compensation. I note that you have tied your increase of $7,800,000 for unemployment compensation as being the actual requirement identified by the Department of Labor which exceeds the limit placed on the program in the fiscal year 1986 Defense Appropriations Act.

How can the Army spend $12,468,000 for unemployment compensation in 1985 and then spend only $492,000 in 1986 when the overall DOD limitation in fiscal year 1986 of $166.8 million is only 15 percent less than the 1985 overall limitation of $197.8 million? How can you do that?

General **Williams**. It is much like the fuel situation. You know that the DOL is the real provider of the data for our budget purposes, and of course the limits are obviously set by the Department of Defense. So our Department quite frankly reacts to what we are told.

Mr. **Chappell**. How in the world could that happen? How could you have that kind of a differential?

General **Williams**. We can provide further details for the record.

Mr. **Chappell**. I am not criticizing you. I am just wondering how it could happen. It doesn't make sense, does it?

General **Williams**. We can provide that.

Mr. **Chappell**. Please answer that and the following questions on Combat Development for the record.

[The information follows:]

The Army's total unemployment compensation is programed at $16.5 and $25.9 million for FY 1986 and FY 1987, respectively. These resources are programed in various programs. The amounts questioned represent one portion of the Army's total unemployment compensation program.

[Clerk's note.—Questions submitted by Mr. Chappell and the answers thereto follow:]

COMBAT DEVELOPMENT ACTIVITIES

Question. Please provide a detailed explanation of the requirement driving the $3,907,000 request for Simulation Technology. This appears to be a developmental effort more appropriately funded in the R&D appropriation. Why are you funding this effort in O&M?

General **Noah**. The need for the Army to improve the quality and responsiveness of its analytical models and simulations was identified as a priority action in the 1984 study, Review of Army Analysis, Extended (RAAEX). The Simulation Technology program was established to support this priority requirement with contractual assistance from commercial software developers and non-Department of Defense government laboratories. These contracts and agreements will focus on emerging computer science technologies in both hardware and software. The role of the Simulation Technology program will be to identify the promising new techniques, to coordinate the work elements and allocate resources, and to apply these techniques to Army combat and training models.

Nearly eighty percent of the funds will be used for small contracts (average $300,000) in support of three primary goals:

Techniques that will make it easier to develop and modify combat simulations.

Simulation Architecture for Command and Control

Simulation with Network of Advanced Microcomputer Workstations

Quicker scenario set-up with fewer people through improved data base management and preprocessor techniques.

Preprocessor of Terrain Data

Scenario Preparation System for Army Simulations

Improved representation of complex combat processes.

High Order Language Processor for Simulation of Intelligence Fusion Processes

Incorporation of Operational Test Data into Army Simulations

The remaining funds are intended for the Army-supported project at Lawrence Livermore National Laboratory to develop a new corps level simulation model. Approximately half of the total funding will be spent with National Laboratories or federally funded R&D centers (Jet Propulsion Laboratory, Rand).

The program was placed under O&M rather than RDT&E because the focus is on adaptation of demonstrated hardware and software methods rather than research in computer sciences, and because the application is computer simulation of combat—a combat developments activity.

Question. Why do we not see any funding decrease associated with the 23 percent reduction in TRADOC Tests from 102 in FY 1986 down to 79 in FY 1987?

General **Noah**. Operational tests vary in size and complexity over a wide range. The assumption that the costs of the TRADOC testing program can be correlated linearly with the number of tests planned is misleading. The Five Year Test Plan is reviewed and approved twice a year. The program is dynamic out of necessity and the number of tests, when taken in isolation from the type of equipment and complexity of issues cannot be directly correlated with the funding programmed. A large portion of the programmed funding is based on historical funding data and the knowledge that more complex equipment items and test requirements are scheduled. The planning for operational testing is dependent upon many factors beyond the control of the operational testing community. Some tests scheduled in one fiscal year must be slipped into the following fiscal year because prototype or production model equipment delivery has been delayed by the Government or the contractor. Operational tests are often delayed as a result of equipment inadequate performance in the latest development test. Tests are scheduled based on the equipment program's Test and Evaluation Master Plan and included in the Army's Operational Five Year Test Plan for resourcing. As the fiscal years become nearer, the number of tests scheduled increase until the execution year when the inevitable slips in the program or budgetary constraints cause a program's test to slip to the following fiscal year. On top of the programmed tests are added the short notice user tests requested by OSD and the Army Leadership. These unprogrammed tests are often required to reconfirm the equipment's adequacy or to answer new issues that were not previously evaluated and are necessary for production or fielding decisions.

[CLERK'S NOTE.—End of questions submitted by Mr. Chappell.]

UNIT TRAINING/READINESS

Mr. CHAPPELL. The Army identifies a $60,000,000 congressional add-on for training in fiscal year 1986, and yet information provided in the DOD O&M overview report identifies decreases of approximately 40 percent for armor and infantry unit training days from the original fiscal year 1986 estimate.

Why are the number of training days falling when funding is increasing?

General WILLIAMS. Mr. Chairman, first of all speaking of the battalion training days, I think that is displayed in a military readiness report. The battalion training day, the Army has never subscribed to that instrument as being a measure or forecaster for resources. What we really think is better is the operating tempo, because if you look at a battalion training day, for an example, a very intense live fire exercise at the National Training Center is a battalion training day and a dismounted infantry training day is also a battalion training day. It has absolutely no relationship to resources so we have said in the Army that the battalion training day is not a good measure.

It is going down, but it has no relationship to the rising resources so we based our request on operating tempo which is hours driven or hours flown as a better measurement for dollars.

Mr. CHAPPELL. How do you measure the OPTEMPO for an infantry division?

General NOAH. I will take that.

We have had two systems of measure. One is through a sample data collection where you go by and you visit the battalions and actually see how much, either their mileage on the average day of driving and you average a number of battalions and you will come up with the average OPTEMPO that a particular unit of a particular type has driven. That doesn't mean all the tanks are driven a thousand miles, but it is based on a visitation of a team.

We also are setting up a data system collection that allows us to measure that for various pieces of radio equipment. It wouldn't make a difference if you drove it a number of miles, it is the number of hours of operation that we look at in the OPTEMPO.

We have tried to look at those OPTEMPO hours driven per year per vehicle and try to relate those somewhat to the expected readiness that we would expect to get out of that unit on the average and we use that in measuring our business.

Mr. CHAPPELL. General Noah, would you please answer the remainder of the questions for the record.

[CLERK'S NOTE.—Questions submitted for the record and the answers thereto follow:]

CENTRALIZED ADP MANAGEMENT

QUESTION. A considerable amount of funding is showing up in the current year estimate for FY 1986 for ADP and Management Information Systems for which funding was not requested in FY 1986. Are these new starts or is funding being transferred into these accounts for centralized management?

General NOAH. To reflect better the Army's new Information Management organization structure, funding associated with software design and development requirements for information systems was transferred from Program 9 Administration and Associated Activities to Program 3 Communications. These resources are displayed in the Communications, Command and Control, Information Services portion of the FY 1987 justification book. Because of this realignment of resources, many initiatives were separately identified in the FY 1987 budget submission that were previously not visible in other portions of the Operation and Maintenance, Army justification book. The Committee on Armed Services in U.S. House of Representatives Report 99-81, May 10, 1985, supported this realignment and Army efforts to improve information management.

QUESTION. Is the Army placing increased emphasis on centralized management of ADP programs?

General NOAH. The reorganization and the creation of an Information Mission Area, reflects an increased emphasis within the Army to manage all information assets, including automation.

QUESTION. Please provide a track of funding transfers, new program starts, and increased funding for existing programs from FY 1985–1986 for the following programs:

C3 Mgt HQ-Data Processing Facilities.

C3 Information Service Support.

Logistic Support Activities—Info Mgt Mission Data Processing Facilities.

General NOAH. The reorganization within Army to improve information management necessitated resource transfers to reflect the new organization structure.

C3 MGT HQ—DATA PROCESSING FACILITIES

In FY 1986 resources to support the US Army Management System Support Agency (USAMSSA) and the US Army Research Development and Acquisition Information Systems Agency (USARDAISA) were transferred from Program 9 Administration and Associated Activities to Program 3 Communications. These data processing facilities were transferred to reflect the new organization structure for information management. There were no new starts or increased funding for these facilities in FY 1986.

C3 INFORMATION SERVICE SUPPORT

In FY 1986 resources were transferred from Program 9 Administration and Associated Activities to Program 3 Communications to reflect the new organization structure for information management. In addition information management resources previously identified to the Base Communications and Long Haul Communication functional areas, within Program 3 Communications, were consolidated in information service support, for improve management. The FY 1987 budget submission does reflect two new efforts in FY 1986, in the information service support area, for which funds were not specifically requested in the FY 1986 budget submission. FY 1986 OMA funds ($265) have been identified to support the Supercomputer Project Management Office. In order to alleviate a major shortfall in advanced computing capabilities, the Army is implementing the use of Supercomputers. With the Supercomputers, important improvements can be made in many mission areas such as vulnerability analysis, high energy laser development and wargaming. A contract award for the first configuration is scheduled for FY 1986. Equipment delivery and installation of the first configuration site at the US Army Ballistic Research Lab is expected in FY 1986. The other FY 1986 initiative relates to funding to support the Army Corporate Database (ACDB) ($1,662). The Army Corporate Database is a project which structures, integrates, and synchronizes the data needed to manage the Army more effectively and efficiently. The ACDB will provide decision-makers and senior leadership at all levels with responsive access to accurate, up-to-date data and information that is fully integrated across functional areas and between levels of command. The single database system concept will improve data accuracy and efficiency by eliminating redundant information created and stored in multiple, uncoordinated databases. In addition, increased funding for existing conventional force readiness programs was provided in FY 1986 for information service support activities.

LOGISTIC SUPPORT ACTIVITIES—INFO MGT MISSION DATA PROCESSING FACILITIES

The increase in logistic support activities—information management data processing facilities represents a consolidation of all automation support resourced within Program 72 Central Supply Activities. These resources were previously identified to the functional accounts within Program 72 Central Supply Activities and have now been separately identified for improved management, under the Information Management organization structure. Budget Activities previously containing these resource are:

Supply Depot Operations
Supply Mgt Operations
Central Procurement Activities
Logistics Administrative Support
Industrial Preparedness
Logistics Administrative Support

Troop Issue Subsistance Activities
Other Transportation Related Activities
Overseas Port Units

EQUIPMENT MODERNIZATION

QUESTION. Last year at this time, the Army was estimating FY 1986 modernization costs of over $105 million, which was the basis of your FY 1986 request. We now see that you actually spent only $78 million, a 25 percent reduction.

What caused this large overestimate on your part?

General NOAH. The fiscal year 1985 column of the fiscal year 1986 budget estimated modernization costs of $101 million. The $23 million reduction between the fiscal year 1985 estimate and the fiscal year 1985 actual was result of:

(1) Program cancellation.

(2) Procurement and kit delivery slippages.

QUESTION. What families of vehicles/equipment failed to achieve the modernization goals you set out in FY 1985?

General NOAH. Program cancellations/slippages were:

(1) Combat Vehicle funding was reduced by $13 million. Systems affected were the modifications to the DIVAD and the M60. The DIVAD program was cancelled eliminating requirements for planned modifications/conversions for this system. The M60 Clean Air PIPs were reprogramed to fiscal year 1988 because of late delivery of kits.

(2) Communications—Electronics funding was reduced by $10 million because of procurement and delivery slippages for systems such as Vinson—KY 57/58 and PIPs on the AN/TRC-145 and AN/TTC-73/62.

QUESTION. How confident are you of your ability to spend the $101 million you now estimate for fiscal year 1986 modernization requirements?

General NOAH. The modification/conversion program is based upon the planned Procurement Appropriation, Army (PAA) kit buys. This information is updated during development of the budget to reflect any known program changes that have occurred. During the development of the fiscal year 1987 budget, based upon known slippages and the execution experienced in fiscal year 1985, the fiscal year 1987 request submitted to this headquarters by the Army Materiel Command was reduced by $58 million before it was forwarded to Congress. Given the reductions caused by Gramm-Rudman, execution for fiscal year 1986 looks achievable at this point in time.

QUESTION. What are your obligations to date for FY 1986 and how do they compare to obligations at the same date for FY 1985. Explain any variances?

General NOAH. In March 1985, the Army had obligated approximately 65% of funds. In March 1986, approximately 50% is obligated. As stated above, because of the reductions caused by Gramm-Rudman, the execution for fiscal year 1986 funding is reasonable.

REAL PROPERTY MAINTENANCE

QUESTION. In the Army's FY 1986 President's budget, you request $1.7 billion for recurring maintenance and major repair projects and you projected a backlog of maintenance and repair (BMAR) of $1.3 billion. Your current FY 1986 funding estimate had decreased to $1.6 billion and yet you were able to reduce the backlog down to $1.0 billion.

How were you able to reduce the BMAR by such a large amount.

General NOAH. The BMAR was reduced $0.3 billion from the FY 86 President's Budget request because (1) the FY 85 actual BMAR was $154 million less than estimated when the budget was submitted, (2) FY 86 BMAR estimate reduced $69 million due to currency repricing from 3.22 DM to 3.73 DM to the dollar, (3) Congress provided $25 million for BMAR reduction in the appropriation bill, and (4) a new factor for cost advantage in contracting out was added to the BMAR estimation formula and reduced projected BMAR by $49 million. These four items add to $297 million and are the principal factors in causing the BMAR change in FY 86.

QUESTION. If it was a result of favorable foreign currency rates, please identify how much of the reduction was due to the revised rate structure?

General NOAH. The change in foreign currency rate structure from 3.22 DM caused a $69 million change in the BMAR estimate for FY 1986.

QUESTION. Why does your BMAR go up by $47 million when funding for recurring maintenance and major repair increases by $360 million or $300 million above inflation?

General NOAH. BMAR does not increase in real terms. The $47 million apparent growth is a function of repricing the Europe BMAR from 3.73 DM to 2.46 DM, a change of +$260 million. The backlog will actually be reduced by $213 million after consideration of the currency change. The funding for recurring maintenance and major repair do not increase as much as it appears since currency adjustments account for growth in funding $220.5 million, which is separate from price growth of $59 million. Of the remainder, $13 million is a functional transfer from Operations and Maintenance, Army Reserve for transfer of nine installations to the active component. Thus, growth is really very limited.

QUESTION. Numerous transfers occur between the O&M, Army and RDT&E, Army appropriations as a result of new DoD policy concerning funding for operations of R&D facilities.

What impact have these transfers had on the backlog of maintenance and repair?

General NOAH. BMAR on OMA funded installations will not increase.

QUESTION. Were sufficient funds transferred to allow for the same level of BMAR for facilities being transferred?

General NOAH. RDTE funds transferred to OMA are sufficient to maintain level of effort in repair and maintenance of real property.

QUESTION. Please provide a track for Base Operations and Real Property Maintenance of funds transferred between the OMA and RDT&E accounts. Include the page numbers in the O&M and RDT&E justification books where these changes are identified.

General **Noah**. The Army has requested a total transfer of $10,677,000 from RDT&E to OMA and $1,690,000 from OMA to RDT&E to realign Base Operations and Real Property Maintenance support functions. This has been done in accordance with the FY 1985 DoD Appropriation Conference Report directing the establishment of a uniform policy for reimbursing base operations services between the RDT&E and OMA appropriations. Audit trail of these transfers and the page numbers where found in the OMA justification book are shown in the table which follows:

TRANSFERS BETWEEN RDT&E AND OMA BASE OPERATIONS SUPPORT

[In thousands of dollars]

Activity Group	From RDT&E to OMA	From OMA to RDT&E *	Page number
Base Operations	7,914	1,617	74A-03 and 76A-5, Vol. I, 93, Vol. II
Real Property Maintenance	2,753	73	
Total	10,667	1,690	

* The RDT&E justification books do not separately identify schedule of increases and decreases for interappropriation transfers. Amounts shown in the table for RDT&E are included in the total amount identified in the OMA justification book, volume II, as transfers out of the OMA appropriation.

SOUTH FORCES

Question. Funding for forces located in Panama grew in FY 1986 from appropriated amounts of $11,563,000 to the current FY 1986 estimate of $39,499,000.

Please provide a detailed explanation of this growth in FY 1986. If transfers were involved, identify from where the transfers came.

General **Noah**. Increase in South Forces results from transfer of funds from Unified Commands/CONUS Forces budget activities to more correctly align funds to the budget activity in which they will be spent. This transaction nets to zero and does not result in either a total funding increase or an increase in activity for this function.

Question. Please explain what low intensity operations are and provide a few real world examples.

General **Noah**. Low intensity conflict is a limited politico-military struggle to achieve political, social, economic, or psychological objectives. It is often protracted and ranges from diplomatic, economic, and psychosocial pressures through terrorism and insurgency. Low intensity conflict is often characterized by constraints on the weaponry, tactics and the level of violence.

Operations which occur in the context of low intensity conflict include the following: institutional education, exchanges, and visits; security assistance; civic actions with engineers, medical or civil affairs personnel; deployments for training; foreign internal defense with special forces, military police, or advisors; and contingency operations—show of force, peace keeping, rescue and recovery, and counterterrorism.

PACIFIC FORCES

Question. Why are you decreasing the Pacific Forces flying hour program?

General Noah. Hours for Pacific Forces were reduced overall for Fiscal Year 1987 to portray a more realistic requirement associated with force structure changes and training requirements. The hours displayed in the Fiscal Year 1986 column have also been reduced and were turned-in under the Fiscal Year 1986 Gramm-Rudman-Hollings decrement.

Question. No funds were identified in this budget activity in the FY 1986 for Special Forces, but now funds do show up for FY 1985, 1986, and 1987.

What requirements drive these funds?

General Noah. Funds provide mission support costs associated with Special Operating Force units.

Question. Where were they transferred from?

General Noah. FY 1986 Budget does not provide separate visibility for Special Operations Forces. Given the emphasis placed on these type units, the FY 1987 Budget separately identifies costs associated with these type units. These costs were previously identified as Unit Training/Operations. No increase in structure or activity is associated with this action.

Question. What requirements drove the unbudgeted amounts for Light Division Initiatives in FY 1986? What is funded in FY 1987?

General Noah. In the Pacific, the 25th Infantry Division is now in the process of converting to light infantry design. The unit conversion process started on 16 October 1985 and will end on 16 November 1986. The FY 1986 requirements included converting existing units to new organizational designs, activating new units, and inactivation of certain units. Recall, the 25th Infantry changes from a rounded out active division of six active infantry battalions and support, to a complete active division with nine infantry battalions. There are many personnel training requirements and changes in the installation support activities, as well as redistribution of equipment, associated with this conversion. The conversion process carries into FY 1987 with the addition of the final infantry battalion to the division in November 1986.

EUROPE FORCES

Question. You requested $4,066,000 for contractual services for Heavy Engineering equipment and to perform maintenance at training areas. How was this work performed prior to this contract and how much did it cost?

General Noah. Prior to this contract effort, this work was performed by in-house facilities engineers and engineer troop units. Higher range usage rates and the impact of modernized weapons on the range facilities make this approach no longer practical. Additionally, the previous method detracted from the combat mission training of Engineer units. Because of the changing scope of the effort and the use of troop labor, it is not possible to capture the costs involved in this maintenance prior to the contract.

Question. Does the $2,994,000 increase for NORTHAG result in an expansion of use of the Reichel Facility, the infamous rug and shoe factory, and thus a growth in the lease costs?

General Noah. Growth reflects increased use and expanded workload/operational costs from activation of Civilian Support

Group companies which will perform functions supporting reception and sustainment missions in the NORTHAG area. 280 personnel are programed for activation and a 6 month training period by the end of FY 87. Lease costs to extend the current lease, if required, are expected to represent less than $20,000 growth which is approximately 3% above the current rate.

QUESTION. You request $11,160,000 to support activation of 19 additional German Reserve units under the Wartime Host Nation Support initiative. However, the report on this subject forwarded to the Committee on March 28, 1986 by Assistant Secretary of the Army John Shannon identifies an activation schedule to be included for the record, which calls for a decrease in FY 1987 of 37 units from the FY 1986 level of 48 units down to only 11 activations in FY 1987. Since your request to support FY 1986 activations was fully funded, why do we not see a decrease in support requirements in FY 1987?

General NOAH. The Army's total FY 1986 OMA requirement to support 1986 Wartime Host Nation Support unit activations was $12,800,000. In the 1986 President's Budget the Army requested only $8,800,000 of this total requirement. This $8,800,000 was subsequently appropriated. The additional $11,160,000 requested in the FY 1987 President's Budget was to support 19 activations planned for 1987. In January 1986 the Wartime Host Nation Support activation schedule was modified and now only 11 units will be activated in 1987. The Army's FY 1987 OMA requirement is to support the 11 units to be activated in 1987 and the balance of the requirement generated by 1986 unit activations which was not requested in the FY 1986 President's Budget.

LIGHT DIVISION IN ALASKA

QUESTION. No funds were requested in FY 1986 for Alaskan Light Division requirements, and yet, the Army has funded $12 million for this purpose above appropriated levels.

What new requirements were funded for the Light Division in FY 1986 and why did the Army not budget for those requirements?

General NOAH. No funds were separately identified in the FY 86 request because 6th ID(L) requirements were not defined at the time of the FY 86 budget submit. the light infantry division initiative was funded within the Army's Total Obligational Authority (TOA). This initiative is being accomplished through a redistribution of existing personnel and equipment assets. In general, the Operation and Maintenance, Army (OMA) costs associated with the 6th ID(L) would be incurred to support the soldier regardless of where he or she was stationed. The requirements funded were all associated with the conversion of units, to include Authorized Stockage Load (ASL) and Prescribed Load List (PLL).

QUESTION. Since the number of personnel and units associated with the 6th ID did not grow in FY 1986, should we not assume that the $12 million program growth in FY 1986 was of a one-time nature that should not be required in FY 1987?

General NOAH. Yes. The $12 million in FY 86 represents cost of conversion during that FY.

Question. What requirements drive the funding request of $16.7 million for the 6th ID in FY 1987?

General **Noah.** $16.7 million will be used to fund Common Table of Allowance (CTA 50-900) organizational clothing and equipment such as cold weather clothing, continue to build ASL/PLL, and being LID specific training such as light leaders course.

Question. What was the programed schedule for activation of the 6th ID units in FY 1987 and what was the arrival dates of the additional 2,200 troops? Has that schedule changed and, if so, what are the budgetary impacts?

General **Noah.** During FY 87, 21 units are scheduled to activate at Fort Richardson and troop strength will increase by approximately 1,039 soldiers; msot soldiers are projected to arrive during the months of October (290) and June (663). Fourteen units are projected to activate at Fort Wainwright during FY 87 and troop strength will increase by approximately 1,264 soldiers; peak arrival months are October (327), May (442), and July (402). The schedule has not changed.

Question. Since there is no growth in Army strengths, where do we find decreases in other Activity Groups to reflect reductions in personnel?

General **Noah.** Personnel increases in the Light Divisions were offset by various initiatives. Organizational modernization includes streamlining heavy divisions (transferring assets to Corps, reduction in squad/crew size and elimination of selected functions), and savings associated with converting light forces to new Army of Excellence (AOE) designs. Economies and efficiencies include application of technology to improve unit efficiency (especially communications and combat field feeding). Transfer of unit missions from the Active Component (AC) to the Reserve Component (artillery, engineer, helicopter, and support forces) will free up spaces as well as modernize the reserves. Some AC requirements will be eliminated as a result of AOE designs and selected military support forces will be reduced through elimination, contracting of the support functions, or conversion to civilian spaces.

PACIFIC BASE OPERATIONS

Question. You request growth for maintenance of materials of $6,782,000 but only justify growth of $1,505,000 for maintenance of equipment. What drives the remaining growth of $5,277,000?

General **Noah.** Price growth and program increases account for the remaining $5,277,000. Price growth in maintenance of materials totals $2,295,000 and consists of foreign currency revaluation, $1,373,000; inflation, $453,000; and Foreign National Indirect Hire pay raises and separation allowance pay raises $469,000. Program increases having a tail in maintenance of materials are the Twenty-Fifth Infantry Division (Lt), $2,622,000; Force Structure, $670,000; and fiscal year 1987 Force Modernization Program, $55,000. A decrease of $365,000 for Combat Services Support offsets these increases.

Question. The $1,505,000 increase is 30 percent above the fiscal year 1986 base line of $4,903,000. Why do you require such a large increase when the performance criteria identifies no growth in vehicles, number of work orders or end items processed, and only a 10 percent growth in personnel and 17 percent growth in secondary items processed?

General **Noah**. The $1,505,000 increase funds civilian workyears and repair parts required for new and modernized equipment fielded during fiscal year 1986. Although a 30 percent increase seems large, this needs to be viewed in context with the $1,951,000 increase approved for fiscal year 1986 to field this equipment. Performance criteria for maintenance of materials reflects an increase in total personnel and secondary items processed, primarily as a result of an increase in tactical vehicles. Number of motor vehicles is a performance criteria that captures workload for the Transportation Services subactivity which finances the operation of local nontactical motor transportation services. The Transportation Services subactivity has no programmatic increases.

Question. The Food Service Program increases by a net $5,485,000 in FY 1987. You identify an increase of $3,667,000 for the combat field feeding system which is offset by a $618,000 decrease for dining facilities equipment. What drives the remaining growth of $2,436,000?

General **Noah**. Increase in Pacific Base is caused by internal reprogramming within Korea base operations of $1,341,000 for dining facility improvements. The remaining increase of $1,095,000 is attributable to price growth, $226,000, and program increases associated with the Twenty-Fifth Infantry Division (LT) and Force Structure, $869,000.

Question. Community and Morale Support Activities increase by $7,074,000 in fiscal year 1987. The only identifiable justification is an $864,000 increase for Army Community Services and $364,000 increase for Child Development. What makes up the remaining increase of $5,846,000?

General **Noah**. Foreign currency revaluation accounts for $2,905,000 of the growth. The remaining $2,941,000 is attributed to inflation, the substitution of civilian personnel for military personnel, and an indirect-hire pay raise.

Question. Explain the growth in fiscal year 1987 of the following programs: Administration $3,792,000; Preservation of Order $2,195,000; Directorate of Plans, etc. $2,113,000.

General **Noah**. The growth in these programs is a result of price growth, foreign currency revaluation, and program growth. Price growth and foreign currency revaluation are spread to all subactivities. Many program increases have "tails" in several subactivities. The growth in the Administration program is a result of both price growth and program increases. The price growth is primarily attributable to foreign currency revaluation, $1,280,000. The program growth is primarily attributable to: conversion to the Twenty-Fifth Infantry Division (Lt), $1,441,000; and the civilian substitution program, $1,120,000. These increases are offset by a decrease for travel. The growth of $2,195,000 in Preservation of Order represents price growth, foreign currency revaluation, force structure, and civilian substitution increases. Price growth totals $813,000, and consists of foreign currency revaluation, $692,000; inflation, $24,000; and pay raises, $97,000. Force structure and civilian substitution increases, to support ongoing counterterrorism inititatives, amount to $1,382,000. Growth in Directorate of Plans is due to foreign currency revaluation of $463,000 and inflation of $42,000. The primary program increase is a reclassification of flying hours from mission category to administrative category.

EUROPE BASE OPERATIONS

QUESTION. In the Army's fiscal year 1986 request of Laundry and Dry Cleaning Services, you identified requirements of $6.7 million and $7.0 million respectively for fiscal year 1985 and 1986. In the fiscal year 1987 Budget, fiscal year 1985 actuals and current fiscal year 1986 estimates are $3.5 million and $4.6 million respectively. What caused funding reduction from initial to current estimates?

General NOAH. In fiscal year 1985, five (5) contracts for processing laundry/dry cleaning were changed from Government owned contractor operated laundry/dry cleaning plants to contractor owned and operated laundry/dry cleaning plants. The change provided a much cheaper rate for processing laundry and dry cleaning. In fiscal year 1986, 2 more contracts were awarded to contractor owned and operated plants to further reduce the costs of processing laundry/dry cleaning. (The contractor plants utilize state-of-the-art, energy efficient, labor minimizing equipment to reduce costs.) These efficiencies have resulted in the difference (reduction) from the initial to current estimates.

QUESTION. Why are you requesting growth of $2.8 million in fiscal year 1987, which brings the program back up to the levels you originally estimated in fiscal year 1986?

General NOAH. The requested growth is all attributable to currency revaluation.

QUESTION. Why are funds going up in fiscal year 1987, when the performance criteria identifies a 16 percent reduction in laundry/dry cleaning pieces processed?

General NOAH. The currency revaluation results in more dollars to be expended even though the workload is decreased. If the currency exchange rate remains at the fiscal year 1986 level, these funds would not be required.

QUESTION. What drives the $12.2 million growth in Food Service Programs?

General NOAH. The increase in Europe food service operating costs is primarily pay raises for indirect hire foreign nationals ($6,208,000). The remainder is attributable to currency revaluation and inflation.

QUESTION. What other increases result in the growth of $43,408,000 for community and Morale Support Activities besides the $7,850,00 for the Army Community Service and $4,337,000 for Child Development?

General NOAH. Foreign currency revaluation accounts for $18,978,000 of the growth. The remaining $12,243,000 is attributed to inflation, the substitution of civilian personnel for military personnel, and an indirect-hire pay raise.

QUESTION. What drives the 68 percent increase in Administration fund ($17,052,000) from fiscal year 1986 to fiscal year 1987?

General **Noah**. The increase in Administration is primarily attributable to the following: Inflation ($3,860,000) and Foreign Currenty Revaluation ($7,086,000) which are pro rata shares of the command's total requirement (as shown on page 22A-5 of the budget) and spread to each functional area by a computer model based on the command's fiscal year 1985 actual non-personnel costs. The computer model will be updated to reflect the new standard installation organization concept and the resource distribution in support of that concept once fiscal year 1986 is formalized and actual expenditure data is accumulated by the Army. Other increases are the result of: realignment of the Civilian Substitution Program ($4,400,000) and the base operations tail ($1,649,000) associated with an ammunition handling program increase for Europe.

Question. There are large changes throughout this activity group that are not explained. Provide a detailed explanation of fiscal year 1986 to fiscal year 1987 changes in each subactivity not already provided in the previous questions.

General **Noah**. The reconciliation of increases and decreases shown in the Europe Base Operations budget provides the trail of all subactivity changes between years. Total program increases of $21,390,000 and decreases of $ −34,221,000 net to negative total growth of $12,831,000. Price growth, pay raises, and foreign currency revaluation increases totaling $116,833,000 (as shown on page 22A-6 of the budget) are distributed across all subactivities. As an example to illustrate details of price growth, pay, and foreign currency revaluation on a single subactivity, the Maintenance of Material account increase of $12,204,000 consists of price growth on the existing program $4,096,000; fiscal year 1987 indirect hire pay raise $2,194,000; foreign currency revaluation of $17,411,000; program increase for fiscal year 1987 Force Modernization activities $5,296,000; offset by a shared portion of the Base Operations Support decrease $16,793,000; net total increase of $12,204,000. Other subactivities are affected and calculated in a similar manner.

Question. The performance criteria identifies funding for bachelor housing of $27,775,000 in fiscal year 1986 and $35,187,000 in fiscal year 1987. What drives this $7.4 million increase?

General **Noah**. Accounting for foreign currency fluctuations between years, inflation and foreign national pay raise.

Question. Break out funding for fiscal years 1985, 1986, and 1987 by housing operating costs and furniture costs.

General **Noah**.

EUROPE BASE OPERATIONS

[illegible]

	Fiscal year 1985	Fiscal year 1986	Fiscal year 1987
Housing Operating Costs	[illegible]	5,467,000	5,531,000
Furniture Cost	[illegible]	[illegible]	[illegible]

Furniture costs include replacement procurement as well as control, moving and handling costs.

FORCE MODERNIZATION/SUSTAINMENT

Question. The Committee is aware that changes have been made in the manner in which Force Modernization and Sustainment funds are identified in the budget. Basically we have no problem with the new format, however, we are having a problem with tracking changes between fiscal years. In addition, the budget exhibits for fielding and sustainment are for the budget year only and do not provide prior year information. The Committee requests that next year the exhibits identify all applicable fiscal years.

We understand that the Army is close to issuing a new report describing equipment distribution for FY 1987.

For the record, provide the delivery schedule by quarter used for computing FY 1987 requested funds for each weapon systems as displayed in the O&M data book.

When the revised information is available, provide the new schedule in the same format as above. Please asterisk those systems in which changes in schedule cause shifting of equipment between fiscal years.

General **Noah.** The requested information is voluminous and classified. It will be provided under separate cover.

Question. For the record, please provide the amounts budgeted for fiscal years 1986 and 1987 for Force Mod/Sustainment by intensively managed systems and other and broken out by fielding costs, initial sustainment and annualized sustainment.

General **Noah.** Requested information requires further research in order to reconfigure database back to previous format. It will be provided under separate cover to the subcommittee.

Question. For the record, please provide a budget summary for changes from FY 1986 to 1987 for all Force Mod fielding and sustainment funds, broken out by Budget Programs and Activity Group.

General **Noah.** Justification of Estimates book explains program increases by activity group. Since the review is at the program level, increases in subcategories are included with other changes within the program activity category that may aggregate to a decrease or no change. Consequently, all force modernization resources are not specifically listed throughout the Justification of Estimates book. However, the following data summarizes the changes from FY 86 to FY 87 for all Force Modernization fielding (FL) and sustainment (SL) funds broken out by budget programs and activity group.

Program	Activity	Page	Base	Inc/Dec	Total
BASOPS					
FL	Europe	22A-9	18,571	+5,296	23,867
FL	Pacific	23A-10	1,816	+55	1,871
SL	Pacific	NA	4,903	+1,761	6,664
FL	CONUS	26A-12	6,428	+4,526	10,954
SL	CONUS	NA	34,015	+14,629	48,644
FL	Training	81I-9	2,971	+1,576	4,547
SL	Training	NA	26,022	+5,630	31,652
SL	Central Supply Act	NA	133	0	133

Program	Activity	Page	Base	Incr/Decr	Total
P2—General Purpose					
FL	Alaska	21-4	1,714	+97	1,811
SL	Alaska	21-4	874	+88	962
FL	Europe	22-8	50,451	−9,472	40,979
SL	Europe	22-5	214,857	+27,803	242,660
FL	Pacific	23-7	3,328	−60	3,268
SL	Pacific	23-6	18,018	+4,435	22,453
FL	CONUS	25-6	40,068	+403	40,471
SL	CONUS	25-5	190,615	+15,117	205,732
FL	South	24-4	1,112	−190	922
SL	South	24-2	1,009	0	1,009
FL	OCONUS	26-5	88,248	+50,646	138,894
SL	OCONUS	26-2	147,297	0	147,[illegible]
FL	Combat Dev	28-2	32,576	0	32,576
SL	Combat Dev	28-2	45,340	+15,287	60,627
RPMA Activities					
FL	Europe	22B-05	1,925	+19	1,944
FL	Pacific	23B-09	53	−37	16
FL	FORSCOM & Other CONUS.	26B-07	484	−265	219
SL	Force Stru Initiatives.	NA	948	−787	161
SL	TRADOC	81J-07	1,018	−1,018	0
SL	AMC	NA	231	0	231
P7M—Modernization					
SL	Mod	73A-3	60,052	+16,556	76,608
SL	Other Depot Maint.	73B-5	564,143	+24,523	588,666
FL	Maint Spt Act	73C-5	43,782	+1,631	45,413
SL	Maint Spt Act	73C-5	227,308	+23,601	250,909
P7S—Central Supply					
FL	Supply	72A-4	288	+221	509
SL	Log Spt	72B-9	66,106	−5,452	60,654
FL	Transp Mgmt & Overseas Port Units.	72C-4	6,656	−3,003	3,653
FL	Transp	72E-4	92,542	−18,104	74,438
P8T—Training					
FL	Specialized	81E-5	11,299	+9,340	20,639
SL	Specialized	81E-8	32,638	+1,401	34,039
FL	Flight	81F-5	0	+620	620
SL	Flight	NA	2,883	0	2,883
FL	Trng Spt	81H-6	31,611	+6,538	38,149
SL	Trng Spt	81H-6	9,028	+12,749	21,777
P9—Administration and Associated Activities					
FL		NA	2,301	0	0
SL		NA	1,445	0	0
P39—Communications					
FL	TACCS	39G-4	25,852	−8,222	17,630
SL	TACCS	39G-4	3,753	+10,679	14,432
FL	DAS3	39G-19	10,421	−9,112	1,309
SL	DAS3	39G-19	7,263	−954	6,309
FL	Long Haul Comm	39B-10	765	0	765
SL	Long Haul Comm	39B-10	8,320	1,044	9,364

QUESTION. It is helpful in reviewing funding requests to know the workload data associated with the funding. In future Data Book budget exhibits, please provide for fielding costs the number of pieces of equipment to be delivered in that fiscal year, by system, and for sustainment costs, provide the total number of pieces of equipment on hand at the end of each fiscal year, by system. For the record, please provide these numbers for fiscal years 1986 and 1987.

General NOAH. The requested information is voluminous and classified. It will be provided under separate cover.

OTHER CONUS FORCES

QUESTION. The FY 1986 request for Maintenance/Logistical Support identified a requirement of $60,798,000. Your current FY 1986 estimate for this program is $259,351,000, an increase of almost $200 million or 327 percent. Please provide a detailed explanation of the growth from the initial FY 1986 estimate to the current FY 1986 estimate. Where transfers occurred, identify where the transfers came from.

General NOAH. Increase results from two sources. First, the decision to centrally fund through the Army Materiel Command (AMC) the initial provisioning (Authorized Stockage List/Prescribed Load List—ASL/PLL) of repair parts for selected Army Modernization Information Memorandum (AMIM) systems under the Total Package/Unit Materiel Fielding (TP/UMF) concept. Second, the FY 1986 Budget contained different stubs for force modernization. These stubs have been consolidated in the FY 1987 Budget to display only the one-time costs associated with the FY 1986/FY 1987 fieldings as force modernization with the balance of funds previously carried as force modernization transferring to other entries. In the case of Other Conus Forces, these funds were transferred to Maintenance/Logistical Support. No increase in funding or activity resulted from this action.

QUESTION. In FY 1986 $31,563,000 will be spent on Trident Medical Support, a growth of $29 million over FY 1985 to "continue medical unit upgrade initiatives." How long will this upgrade program take? Please provide a track from FY 1985 to 1987 describing what is being bought with the funds. What are your outyear plans?

General NOAH. Since Trident Medical Support is a Navy issue, I am unable to comment on the program growth.

QUESTION. General Noah, what caused the large growth from FY 1985 to FY 1986 in Information Management (ADP) funding? Was none of the FY 1986 funding of a one-time nature?

General NOAH. The increase in the Fiscal Year 1986 Information Management (ADP) funding displayed in the Other CONUS Forces activity group is a result of a change in the Army's accounting procedures rather than an actual program growth in that activity group. Prior to Fiscal Year 1986, the majority of the General Purpose Forces Information Management (ADP) funding was included in the funding provided in support of the major activity groups and was not separately identifiable. With the establishment of the Army Information Mission Area (IMA), new accounting procedures were developed and instituted for the purpose of identifying and capturing ADP resources. Major commands began identifying these resources and transferring funds into a new ADP Five Year Defense Plan (FYDP) account structure for Fiscal Year 1986. Thus, the identification and transfer of ADP funding to the new account structure gives the appearance of significant program growth between Fiscal Years 1985 and 1986 in this activity group. The resources contained in the Other CONUS Forces activity group will serve as the baseline from which future resource changes will be compared. Real program growth between FY 1985 and FY 1986 in the total General Purpose Forces program consists of increases for the following programs: Logistical systems and Command and Control systems, Standard Installation/Division Personnel System (SIDPERS), Living Table of Organization and Equipment, and Life Cycle Software Engineering Centers.

CONUS BASE OPERATIONS

QUESTION. There is an increase of $10,949,000 for fiscal year 1987 for Community and Morale Support Activities of which only $2,933,000 for Army Community Services and $3,325,000 for Child Development are identified. What accounts for the remaining $4,691,000?

General NOAH. The transfer of nine semi-active installations from the Operations and Maintenance Army Reserve (OMAR) to Operations and Maintenance Army (OMA) accounts for $1,001,000 of the growth. The remaining $3,690,000 is attributed to inflation and the substitution of civilian personnel for military personnel.

QUESTION. What causes the growth of $7,678,000 in fiscal year 1987 for Preservation of Order?

General NOAH. The transfer of nine semi-active installations from the Operations and Maintenance Army Reserve (OMAR) to Operations and Maintenance Army (OMA) accounts for $5,871,000 of the growth. The remaining $1,807,000 is attributed to inflation, $228,000; force structure changes, $365,000; commercial activities military replacement, $189,000; and civilian substitution $1,025,000.

LONG HAUL COMMUNICATIONS

QUESTION. What caused the $37 million decrease in long haul communications between fiscal year 1986 appropriated amounts and your current FY 1986 estimate?

General NOAH. Subsequent to the submission of the FY 1986 President's Budget Estimate, upon which the FY 1986 appropriated amounts were based, the Army reorganized and established the Information Mission Area. The reorganization is reflected in the Communications, Command and Control, Information Services portion of the Operation and Maintenance, Army justification book in a new activity group, Information Service Support. This activity group provides resources in support of the design, acquisition, installation, testing, acceptance and management of information systems. The decrease of $37 million in long haul communications merely represents the realignment of these information assets to this activity group.

QUESTION. Provide for the record the number of TROJAN operations to be performed in FY 1986 and 1987. What benefits will be derived by the $2 million growth in funding?

General NOAH. ———. The Vice Chief of Staff, Army based on the pressing need for TROJAN in the Combat Electronic Warfare Intelligence (CEWI) force structure has once again reemphasized the need to field this program as scheduled. The additional $2 million is to provide support for the additional systems fielded in

Fiscal Year 1987, and to cover annualization leased communications costs for systems fielded in FY 1986. This long haul communications support provides essential connectivity through the lease of commercial satellite circuits. The benefit to be achieved for the Signal Intelligence Electronic Warfare units are enhanced individual training, language capability, technical proficiency, unit readiness, personnel retention and the efficient use of dollars, manpower, and time. A complete description of Project TROJAN is found on Page 39B-6 of the Communications, Command and Control, Information Services justification book.

QUESTION. Describe, for the record, the communications upgrades for low intensity operations to be funded with the additional $2,613,000. Why are these funds required above the $11,933,000 added on in FY 1986?

General NOAH. These funds are to support the upgrade of Army communications facilities in Panama providing post, camp and station communications services to meet increased communications requirements and to replace overaged equipment. They will also support implementation of jointly validated USCINCSOUTH Required Operational Capability (ROC) projects in the SOUTHCOM area of responsibility. As additional capabilities are provided operation and maintenance cost will increase proportionately. FY 1987 operation and maintenance increases are specifically related to the following projects.

USSOUTHCOM ROC 1-84, "Central American Regional Communications." ———.

USSOUTHCOM ROC 1-83, "Regional Voice Network." This project is being implemented by the Army and the Department of State.———.

Communications Facilities Upgrade in Panama.

QUESTION. Please provide the page number in the Program 8T justification which identifies the $2,100,000 decrease in FY 1987 associated with transfer of Remote Multi-Media Mode education network to Long Haul Communications.

General NOAH. Program 8T funds for support of the Remote Multi-Mode education network were transferred within the Army Material Command in order to reduce the backlog of students in various contracting courses including spare parts management and to offset the increased costs of contractor logistical support for training devices. The appropriate increase and decrease entries were inadvertently omitted from the program 8T budget request.

QUESTION. Explain the concept involved in the Theatre Communications Network in Europe. Will the Army be tied into the FRGs public telephone system? Describe security, disruption and terrorist aspects of this proposal.

General NOAH. The Theater Communications Network in Europe is a Defense Communications Agency program that will dramatically improve communications survivability in Europe by using the hardened underground cable system of the Deutsche Bundespost to provide the United States Forces a contingency communications network which would already be installed and operational in time of war or other emergencies. Defense Communications Agency studies have shown that this host nation telephone and transmission system is more survivable against terrorist attack because of its hardened underground capability than the above ground transmission system that DOD operates. Army telephone support in Germany consists of a network comprised of US government owned communications and FRG communications. This initiative just increases the network with more survivable routing capability. It does not increase our dependence on the FRG telephone system.

WWMCCS—ADP/TRACALS

QUESTION. A portion of the funds requested in FY 1986 for WIS was for full year cost of equipment maintenance for CUS. That same rationale is used to expiain FY 1987 increases. How much of the increase is associated with the maintenance and why are you asking for it again?

General NOAH. In FY 1986 192 Common User workstations and printers, and 27 Common User graphics devices will be fielded to eight Army-supported WWMCCS sites. Partial year maintenance cost of this equipment is approximately $300,000. In FY 1987 the equipment acquired in FY 1986 will have to continue to be maintained, at an annual cost of approximately $600,000. In addition, 256 more workstations and printers will be fielded, and four automated message handling systems (AMHS) will be installed, one each at HQDA, FORSCOM, EUCOM and USAREUR. Maintenance cost of this new equipment fielded in FY 1987 is approximately $1 million.

QUESTION. What caused the growth in Tactical Traffic Control in FY 1985 from last year's estimate of $2,630,000 to actuals of $4,418,000.

General NOAH. During execution of the FY 1985 budget, organizational and mission changes occurred within the tactical air traffic control area which resulted in increased costs. These changes included: additional supply stockage for the 256th Support Company, Fort Rucker, Al; initial supply stockage for three AN/TSQ-71B radar system; initial supply stockage for AN/TRN-30 (VI) directional beacons; and the fielding of six AN/TSW-7A and two AN/TSQ-70A control towers. In additional $681,000 of non-tactical air traffic control FY 1985 actual costs were incorrectly reported as tactical air traffic control actual costs in the Operation and Maintenance, Army justification book.

MAINTENANCE SUPPORT ACTIVITIES

QUESTION. Large increases are occuring in Engineering and Technical Service.

Why is the Army placing increasing reliance on contractors technical personnel instead of in-house personnel?

General NOAH. There are several factors that contribute to increased use of contractor personnel to provide technical assistance. First, is the increase in total requirements due to the fielding of new systems at many locations. Second, expertise can be contracted quicker than the Army can obtain additional spaces, and recruit or train organic expertise to fill them. And finally, the sophistication of today's equipment, and continuing modifications to upgrade it, tends to require more technical assistance for longer periods of time.

Question. You project an increase of 50 percent from FY 1985 to 1987 in the number of contractors logistic assistance representatives. Please provide a list of these representatives and associated costs by item of equipment supported.

General Noah. The data requested is as follows:

[Dollars are in millions]

Item of Equipment	FY 1985		FY 1987	
	Man Years	Dollars	Man Years	Dollars
Apache	19.5	1.963	22.6	3.372
Blackhawk	15.2	1.671	10.3	1.470
CH-47D	5.0	.259	11.3	1.000
AH-1S	5.3	.522	9.5	.750
OH-58D			1.8	.295
TRI-TAC	12.0	2.567	12.0	1.850
Firefinder	3.0	.675	5.0	.850
AN/MSQ-114	3.0	.450	3.0	.450
DAS-3	5.0	.600	1.0	.175
AN/TSC-85A/93A			5.0	.750
AN/MSC-64			4.0	.600
AN/TSC-99			1.0	.150
Hawk	4.8	.641	4.5	.810
Patriot	6.2	1.047	5.7	.812
Pershing II	3.5	.517	3.0	.349
LCSS	4.0	.300	4.0	.229
MLRS	6.1	.870	9.0	1.155
Roland (NG Funded in FY 86/87)	2.0	.211	(2.0)	(.186)
BFVS	41.3	5.994	58.5	8.099
M1/M1A1	40.3	6.107	110.6	16.595
M60-A3			12.3	1.841
FAASV			.6	.090
M9 ACE			1.2	.180
HEMTT	1.3	.188	2.5	.375
HMMWV			5.4	.810
CUCV	.1	.019	1.2	.180
M939			.7	.100
FISTV	.6	.091	2.4	.360
SUSV			1.3	.200
ITV			1.2	.180
M113			2.1	.320
LACV-30	1.0	.100		
Log Sup Ves			2.0	.100
Land Cra Veh			2.0	.100
Tug Boat			4.0	.200
Pet/Wat Dist Equip			4.0	.200
Floating Causeway			2.0	.100

CENTRAL SUPPLY ACTIVITIES BOS/RPMA

Question. Why are you requesting an additional $2,178,000 in FY 1987 on top of the $4,455,000 requested in FY 1986 for Engineer Support? Provide examples of how support requirements have increased?

General Noah. Support requirements in FY 87 do not significantly increase over FY 86. Additional $2,178,000 alleviates funding shortfalls for Division Engineer Offices, and supports increased management costs due to dispersion of part of military construction mission for New York to Ohio River Division. Funding expanded travel and customer interface, and information handling and communications upgrades, will improve capability and quality of support to Army major commands.

QUESTION. Why will you spend less on engineering support in FY 1986 than you estimated in your FY 1986 request?

General NOAH. Execution of the Technology Test Bed program ($5.3 million) was reprogramed from the Engineer Support account to the Maintenance and Repair of Real Property account.

QUESTION. What caused the 11 percent growth in Base Operations Administration costs from last year's FY 1985 estimate to the actual amount of $75,411,000?

General NOAH. The FY 1985 budget estimate amount was not sufficient to accomplish actual workload assigned. As a result, additional funding was realigned from other areas to support this higher priority unfinanced requirement. Most of the additional funding was used to cover the pay of civilian personnel employed in the Finance and Accounting Office, Legal Office, Safety Office, Personnel and Training Directorate, and Headquarters, Installation Support Activity of the Communications-Electronics Command.

ARMY PROGRAM 8—TRAINING

QUESTION. The fiscal year 1986 budget included a $36,280,000 reduction for the proposed 5% civilian pay reduction (FY 86 J-Book, pg. 81-12). This reduction was not approved by Congress and the funding was restored in the fiscal year 1986 continuing appropriation bill. The reconciliation of increases and decreases for fiscal year 1986, as shown in the fiscal year 1987 budget, shows an increase of $45,948,000 for the "pay reduction restoral" (FY87 J-Book, pg. 81-8).

Does this "pay reduction restoral" refer to the 1986 5% civilian pay reduction restored by Congress?

General NOAH. Yes.

QUESTION. If so, why was $9,668,000 more restored than was reduced?

General NOAH. The difference between the FY 1986 dollar amounts reflected in the FY 86 and FY 87 justification books is due to: (1) The $11.5 million that the Congress appropriated above the Army's FY 86 request, which was recognized as a valid requirement associated with actual workyear utilization and (2) The internal realignment of the civilian resources within Operation and Maintenances, Army (OMA) programs.

QUESTION. What is the total amount of civilian substitution for military billets that is supported by the $10,146,000 program increase (FY87 J-Book, pg. 81-12)? How many officer and how many enlisted billets were civilianized?

General NOAH. The total amount of civilian substitution for military billets supported by the $10,146,000 program increase is 457. Of this number, 142 officer and 315 enlisted billets were civilianized.

QUESTION. Why are there two lines separating out costs for commercial activities? What is the difference between Commercial Activities/Military Replacement and Commercial Activities/Cost Analysis (Fiscal Year 87 J-Book, pages 81-12)?

General Noah. This funding supports two aspects of the Army's Commercial Activities Program. Both are critical to continued operation of the program.

Commercial Activities/Military Replacement will be used to provide funds to convert military spaces to in-house or contractor operation. Military personnel are removed automatically at the end of a Commercial Activities study, regardless of whether the decision is to perform the work by government or contractor personnel. Because military personnel are centrally funded, their cost is not reflected in the installations's accounts. The funds requested in the budget pay for their replacement.

Commercial Activities/Cost Analysis provides funding for increased staffing for management and cost analysis caused by increased workload.

Question. The fiscal year 1986 budget included some program increases (FY86 J-Book, pg. 81-16/17), that could be considered one-time expenditures and should therefore be backed out in fiscal year 1987. Please explain why the following 1986 program increases were not taken out of the 1987 budget:

	Thousands
USMA accreditation	$492
Adjustment for intensively managed systems	23,339
Army Food Management information system	590
Infrastructure support	91

General Noah. The $492 thousand for USMA accreditation was a request for equipment funding. These dollars were transferred to the Other Procurement, Army account under the investment expense criteria line of the Congressional adjustments in section B: reconciliation of increases and decreases of the FY 1987 budget (FY87 J-Book, pg. 81-8).

The funds appearing in the FY 1986 budget for intensively managed systems supported the workload changes needed to field the new systems in FY 1986 and preparation costs for the outyears. After system development, it often takes several years to field equipment. The dollars for the intensively managed systems remained in the FY 1987 budget to support the weapon deliveries in FY 1987 and preparation for future deliveries, i.e., site preparation, requisitioning of parts, etc.

Base operations funds provided in FY 1986 for the Army Food Management Information System are not for one-time expenditures. The funds are for recurring supplies, automatic data processing equipment maintenance, and communication equipment maintenance at the installation level. As recurring costs, these funds should not be taken out of the FY 1987 budget.

The FY 1986 infrastructure funds were required because of force structure changes associated with force modernization systems which required RPMA support dollars for specific weapons systems. The FY 1987 impact of previous force structure changes is reflected in the revised RPMA annual recurring requirements. These weapon systems which are now part of the training recurring requirements are reflected in facilities maintenance (FY 87 J-Book, pg. 81J-06).

Question. What is included in the $36,274,000 increase for "Private Sector Price Increases." Is this contract increases (FY 87 J-Book, pg. 81-10)? Is this an inflation factor, if so, what is the percentage increase?

General Noah. The $36 million dollar increase for "Private Sector Price Increases" is for contracts. This raise is based on a 4 percent inflation factor.

Question. In Program 8, how many military billets have been civilianized, FY 1984-FY 1987? How much has been budgeted for this effort FY 1984-FY 1987?

General Noah. In Program 8, the number of military billets civilianized during FY 1984-FY 1987 is 1,794. The distribution by fiscal year is as follows:

FY 1984, 808; FY 1985, 307; FY 1986, 222; and FY 1987, 457. The total amount budgeted for this effort FY 1984-FY 1986 is $29.8 million. The distribution by fiscal year as as follows:

FY 1984, $13.6 million; FY 1985, $11.4 million, and FY 1986, $4.8 million.

ARMY ONE STATION UNIT TRAINING

Question. Why is such a large increase budgeted for both military and civilian end strength when the workload is decreasing? (+492 military; +151 civilian) Why is there a budgeted decrease in 151 military workyears when the end strength increases by 3 times that amount? Why is the FY 1985 civilian workyear number so much less than the end strength number?

General Noah. Although the workload is decreasing, the military and civilian end strength increases support required levels of strength for the volume of workload. The 151 budgeted decrease in military workyears reflects the average military strength between FY 1986 and 1987. This takes into account the fact that all 20,871 military spaces in Army One Station Unit Training are not budgeted to be on board on the first day of the fiscal year. The FY 1985 civilian workyear number is 15 less than the end strength number. This reflects the change in civilian strength from 415 in FY 1984 to 536 in FY 1985. This again reflects that not all 536 civilians were on board on the first day of FY 1985 but were gradually added to the rolls over the course of FY 1985.

Question. The training loads for OSUT have been decreasing. The FY 1985 budget included a training load of 22,442. The FY 1985 actual training load was 19,022; an 18% decrease. The FY 1985 budget included a training load of 20,920. The FY 1987 budget included a revised 1986 training load of 19,197; a 9% decrease.

Given the Army's cost estimate of $441 variable cost factor/load, is there any reason why $1,519,245 (decrease of 18%) or $759,843 (decrease of 9%) could not be made to this account.

General Noah. Yes. The improvement in the manpower forecasting models and the Army Training Requirements and Resources System (ATRRS) are enabling the Army to project, with increasing accuracy, future training loads for budget purposes and to report actual loads. The decline in differences between budgeted and actual training loads during the past two years is a reflection of the progress being made. In May, we began the annual course-by-course review of all training to be conducted in the Institutional Training base. This third iteration of a detailed review process will result in a more refined and accurate training requirement. A decrease of 9%in the One Station Unit Training account would resource the Institutional Training base below the level necessary to conduct required training.

Question. Based on more recent data, what is the current training load estimate for FY 1986?

General Noah. Based on the most recent data, the current training load estimate for FY 1986 is 18,619.

ARMY RECRUIT TRAINING

Question. The training loads have been showing a downward trend. The fiscal year 1985 training loads as shown in the FY 1985 budget was 21,492. The fiscal year 1985 training loads actual was 17,587; a 22.2% decrease. The fiscal year 1986 training load as shown in the FY 1986 budget was 22,069. The fiscal year 1986 training loads as shown in the FY 1987 budget is 19,667; a 12.2% decrease.

Given the Army's cost estimate of $264 variable cost factor/load, is there any reason why $1,149,192 (decrease of 22.2%) or $631,488 (decrease of 12.2%), could not be made to this account?

General Noah. Yes. The improvements in the manpower forecasting models and the Army Training Requirements and Resource System (ATRRS) are enabling the Army to project, with increasing accuracy, future training loads for budget purpose and to report actual loads. The decline in differences between budgeted and actual training loads in the past two years is a reflection of the progress being made. In May, we begin the annual course-by-course review of all training to be conducted in the Institutional Training base. This third iteration of a detailed review process will result in a more refined and accurate training requirement. A decrease of 12.2% in the Recruit Training account would resource the Institutional Training base below the level necessary to conduct required training.

Question. Based on more recent data, what is the correct training load estimate for FY 1986?

General Noah. Based on the most recent data, the current training load estimate for FY 1986 is 18,619.

Question. The civilian workyears have been on a decline as well. The fiscal year 1985 budget included funding for 157 workyears and 185 end strength. The fiscal yer 1985 actual was 145 workyears (8.3% decrease) and 145 end strength (27.6% decrease). The fiscal year 1986 budget included funding for 205 workyears and 159 end strength. The revised 1986 estimate in the fiscal year 1987 budget are: 122 workyears (40.5% decrease) and 121 end strength (24% decrease).

Why does the FY 1987 budget not include a reduction for budgeted civilian workyears and end strength that did not materialize?

General Noah. Page 81-8 of the OMA Justification Book reflects the impact of the FY 1986 Congressional reduction for Civilian Workyears of $14.5 million. This reduction is spread through the

Training Program budget. The FY 1986 Current Estimate line contains an adjustment for this reduction.

QUESTION. How does the Army plan to reduce the civilian end strength from the FY 1985 actual of 145 to the FY 1987 estimate of 122?

General NOAH. The net reduction of 23 civilians in this activity group will be accomplished by transferring civilians to higher priority work in other activity groups.

ARMY SPECIALIZED TRAINING

QUESTION. Why is there a budgeted increase in overtime when civilian workyears are budgeted to be 146 less than civilian end strength? How many hours of overtime will be supported by this increase?

General NOAH. There is a budgeted increase of 251 civilian workyears between FY 1986 and FY 1987. There is also a budgeted increase of overtime costs based on an across the board increase in overtime programed as an alternative to hiring additional manpower to support mission requirements whenever it is cost effective. The overtime funding will support approximately 250 hours of overtime.

QUESTION. How many courses will be supported by the $2,234,000 for the Reserve Component Training Plan? How many service members will take part in this training? What are the program's intent, scope, staffing, and funding levels from 1987-1991?

General NOAH. These dollars support the course development for the Reserve Component Warrant Officer Training System. In fiscal year 1985 the direct appointment of Warrant Officers in the Active and Reserve Components was eliminated and the Warrant Officer Training System adopted. Revised courses are being developed for both the Active and Reserve Components. The courses will parallel each other with the only differences being the length of the resident phase for the Reserve Component students. Specifically, 1,040 sub courses, mostly technical, are required to support 69 Warrant Officer occupational fields. Once the courses are developed, one third of all the courses will be revised and/or updated per year.

This program will not directly train service members. Rather, it will build the courses to train the service member. Indirectly, as specific occupational field packages are developed and phased in, approximately 1,000 Reserve Component Warrant Officers will be trained per year.

The intent of the program is to upgrade the training and the technical expertise of Reserve Component Warrant Officers.

The scope of the program will encompass the training for all the Reserve Component Warrant occupational fields.

The staffing requirements for this course development program will be supported from existing staff or contracted resources. No additional personnel will be required.

The funding levels for this program will remain essentially unchanged, declining slightly as the courses come on line.

Fiscal year:	
1987	$2,234,000
1988	2,235,000
1989	2,232,000

1990	2,231,000
1991	2,231,000

QUESTION. What will be funded with the $2,949,000 for manpower standards studies? What are the program's intent, scope, staffing and funding levels from FY 1987–1991? Will this be a contracted effort?

General NOAH. The $2,949,000 will fund 88 civilian spaces in the U.S. Army Training and Doctrine Command (TRADOC). These spaces are the TRADOC portion of the Manpower Staffing Standards System (MS-3) program.

TRADOC has the responsibility for developing manpower standards for all training functional areas of the Table of Distribution and Allowances (TDA) Army. TRADOC's responsibility is to bring approximately 90 thousand spaces under standard coverage. Some specific areas that will be covered by the standards developed are initial entry training, advanced individual training, flight training, all branch specific school training, Reserve Officer Training Corps (ROTC), combat development for all branches, reception stations and the U.S. Army Command and General Staff College.

The standards developed will be restudied on a four year cycle to capture improvements in methods and changes in policy and procedures. The staffing and funding levels from 1987 to 1991 are level at 88 spaces and $2,949,000. These funds are for pay and support of Army employees and not contract support.

The Army implemented the program to correct the deficiencies disclosed by a 1979 GAO report about the Army's manpower requirements determination process. The system is similar to the Air Force Management Engineering Program (MEP) which the GAO suggested the Army emulate.

QUESTION. The skill training workload has been on a downward trend since 1985. The FY 1985 budgeted training load was 58,121. The FY 1985 actual training load was 46,475; a 25% decrease. The FY 1986 budgeted training load was 62,975. The FY 1987 budget includes a revised FY 1986 training load of 59,140 (a 6.5% decrease) and a FY 1987 training workload of 60,801.

Why has the Army budgeted a 2.7% increase in skill training for FY 1987, when the FY 1986 skill training has been revised downward by 6.5% from the FY 1986 budget to the FY 1987 budget?

General NOAH. The improvements in the manpower forecasting models and in the Army Training Requirements and Resources System (ATRRS) are enabling the Army to project, with increasing accuracy, future training loads for budget purposes and to report actual loads. The decline in the differences between budgeted and actual training loads during the past two years is a reflection of the progress being made. In May, we begin the annual course-by-course review of all training to be conducted in the Institutional Training base. This third iteration of a detailed review process will result in a more refined and accurate training requirement. The 2.7% increase in skill training for FY 87 is the training needed to meet the Army's need as determined by the course-by-course review.

QUESTION. Given the Army's estimate of $863 cost factor/load, is there any reason why the budget could not be reduced by

$13,117,600 (25% decrease in load) or $3,410,576 (a 6.5% decrease in load)?

General NOAH. A decrease of 6.5% in the skill training account would resource the Institutional Training base below the level necessary to conduct training.

QUESTION. Based on the most recent data, what is the estimated skill training load for FY 1986?

General NOAH. Based on more recent data, the current training load estimate for FY 1986 is 58,381.

QUESTION. With the decline in skill training load, why have the military and civilian end strength continued to increase?

General NOAH. The increase in military and civilian end strength is due to the increase in the number of courses being taught. Training loads which vary from year to year, due to changes in accessions and number of personnel transferring to new occupational specialities are not the sole criteria for changes in end strength. The number of courses and Army efforts to improve instructor to student ratios also affect end strength.

ARMY FLIGHT TRAINING

QUESTION. Please provide a budget track from the FY 1986 budget request of $129,726,000 to the FY 1986 budget estimate of $142,395,000 contained in the FY 1987 budget.

General NOAH. The increase in flight training from the Fiscal Year 1986 budget request of $129,726,000 to the Fiscal Year 1986 budget estimate of $142,395,000 was caused by the following unforseen increases:

As a result of the Fiscal Year 1985 grounding of the UH-60 Blackhawk, pilot training had to be increased in order to continue to field the UH-60 fleet. Additionally, the Program of Instruction was increased from 11.5 hours to 25 hours per student.

All aviation maintenance and fuel operations at Fort Rucker are contracted. Fiscal Year 1986 costs were higher than budgeted the previous year as a result of more instructional hours on the UH-60, AH-1S, AH-64, CH-47D, and OH-58D.

There was a required payment of a COLA to the contract civilians.

AH-1S training was expanded in order to support the decision that AH-1S rated pilots would go to the AH-64 transition. There was also an increase in the number of Reserve Component AH-1S students to support increased fielding of that system in the Reserves.

QUESTION. How many flying hours (and cost per flying hour) are supported by the base of $106,351,000 for flight training (FY 87 J-Book, pg. 81F-5)? How many flying hours (and cost per flying hour) are supported by the $14,306,000 increase? What kind of aircraft is used for flight training prior to FY 1987? What is the more expensive aircraft that will be used in 1987?

General NOAH. The flying hours programmed for the Training Base in Fiscal Year 1987 are 481,865. The $14 million increase is necessary to cover the increased hours in more expensive aircraft and the aviation maintenance contract. There is an increase of approximately 12,000 hours in the newer more expensive aircraft over Fiscal Year 1986. The following are the cost rates for each of the aircraft used for flight training in Fiscal Year 1986.

AH-1	$259
AH-64	643
CH-47A-C	643
CH-47D	705
OH-58A-C	61
OH-58D	150
TH-55	64
UH-1	130
UH-60	329
C-12	79
OV/RV	407
U-21	148
T-42	60

The costs represent fuel and replenishment repair parts. The most expensive aircraft is the CH-47D in terms of flying hour cost rates.

Question. Since FY 1985, the flight training load has been on the decline. The FY 1985 budget included a total flight training load of 1,776. The FY 1985 actual flight training load was 1,529; a 16% decrease. The FY 1986 budget included a flight training load of 1,886, this was revised to 1,799 (a 3.7% decrease) in the FY 1987 budget. While the FY 1987 budget recognized a decrease in flight training load, it is only a .3% decrease.

Given the Army's calculation of a $8,028 cost factor/load, would there be any reason why the budget could not be reduced by $12,098,196 (a 16% decrease in load, or $529,848 (a 3.7% decrease in load)?

General **Noah**. The Army uses the Army Training Requirements Resource System (ATRRS) to maintain the Army Program for Individual Training (ARPRINT). The ARPRINT is the document which reflects the Army Training requirements and from which the budget load request is derived. Each training installation has an ATRRS terminal which is used to input the number of individuals starting and graduating from each class as scheduled by the ARPRINT. The roll up of this data is how the Army determines the actual training load. The budgeted training load request is a reflection of the Institutional Training the Army requires to meet the recognized training requirements as documented by the Structure Manning Decision Review (SMDR). The SMDR process is a detailed course by course review to compare the number of training seats requested by each component with the Army capability to meet the demand with sufficient equipment, facilities and instructors. It is also during the SMDR process that requested increases are challenged to verify the need. The SMDR documented training requirements were placed in the ATRRS and converted to the budget loads requested in the President's Budget.

Improvements in the manpower forecasting models, SMDR process, and ATRRS data base management are enabling the Army to more accurately project training loads and report actual training loads. The decline in deltas between budgeted and actual training loads is a reflection of this progress. The Army must resource the Institutional Training base to meet the documented training requirement.

As you know, the programmed dollars for Fort Rucker, which is the primary flight training base, were not enough in FY 1986. As a result of this shortfall, an overall 24 percent reduction was made in the number of students for FY 1986. The impact is of concern to the Army. Any further reductions to the FY 1987 budget would have a severe impact in the Army's ability to produce the required number of aviators to field the new aircraft system and maintain readiness in the aviation force.

QUESTION. Based on current data, what is the FY 1986 estimated flight training load?

General NOAH. The estimated flight training load for FY 1986 is 1,607. This reflects the reduction caused by the $14.3 million dollars shortfall for aviation training in FY 1986.

QUESTION. Considering the flight training loads decrease between FY 1985 and 1986, why do the military end strengths increase by 29 and the civilian end strengths increase by 19?

General NOAH. Due to new types of aircraft being fielded by the Army, the number and mix of courses conducted are changing annually. With the increases in graduate flight training in the new systems (AH-64, OH-58D, CH-47D, and UH-60) there is a corresponding increase in the number of instructors and instructor pilots. Until the transition to newer systems is complete, the number of required instructors will not depend on training loads.

ARMY TRAINING SUPPORT

QUESTION. Please provide more background and justification for the $2,226,000 for the Special Operations Force (SOF) Language Program. This is a new start in FY 1987.

General NOAH. In response to Fiscal Year 1986–1990 Defense Guidance, the Army initiated a SOF language enhancement program to ensure that SOF could achieve a substantial majority of its required language capabilities by the end of Fiscal Year 1990. As part of the SOF language enhancement effort, the Army programmed funds starting in Fiscal Year 1987 for the production of job-specific language texts and for the hiring of contract instructors to conduct refresher/maintenance language instruction in units. This program targets the maintenance of language capabilities acquired at the Defense Language Institute, as well as the development of rudimentary conversational abilities for those Special Forces soldiers who are not trained as linguists but require limited conversational language abilities.

QUESTION. How does the Hardman analysis package work in conjunction with the Army's MANPRINT Program?

General NOAH. Manpower and Personnel Integration (MANPRINT) is a comprehensive effort to optimize human performance and reliability during weapon system and equipment design, development, and production. MANPRINT is concerned with human performance and reliability as integral elements of total system performance. Total system performance is a function of equipment and human performance as they are affected under varying physical, social, and operational environment conditions. MANPRINT is a management process; not a product. MANPRINT includes the identification, collection and analysis of data. The essence of MANPRINT is to focus on a front-end-analysis to assure that Total Army force structure and soldier capabilities are reflected in the decisions which select from among system concept alternatives. Front-end-analysis provides the qualitative MANPRINT goals and constraints for inclusion in requirements, solicitation, program and decision documents to influence the engineering design of the selected concept. Hardware vs Manpower (HARDMAN) is an analytical methodology that supports MANPRINT. The purpose of HARDMAN is to estimate manpower, personnel and training (MPT) requirements for a conceptualized materiel system, primarily during the early stages of the acquisition process. HARDMAN also provides an estimate of the impact of these MPT requirements on system effectiveness and life cycle costs. HARDMAN products include:

Quantified manpower requirements by Military Occupational Specialty (MOS) and skill level
Quantified personnel sustainment requirements
Projected training requirements (by MOS)
Annual instructor requirements
Projected annual training costs
Initial logistics support analysis data

HARDMAN data supports:

Source selection and evaluation
Human resource and equipment design trade-offs
Qualitative and Quantitative Personnel Requirements Information and Basis of Issue Plan Development
Cost and Operational Effectiveness Analysis
Individual and Collective Training Plan
Cost and Training Effectiveness Analysis
Logistics Support Analysis

QUESTION. Included in the FY 1987 budget is a request for $2,506,000 for civilian substitution. Further on in the justification (FY 87 J-Book, pg. 81 H-10), the Army states there will be an increase of 75 civilians due to substitution. This equates to an average salary of $33,413 civilian. Since $30,000 is usually the rule of thumb for gauging the cost of a civilian workyear, please explain the additional $3,000 per civilian.

General NOAH. The Army civilian manpower budget is priced by category of civilian such as Senior Executive Service, General Merit, General Schedule, and Wage Grade by major command or agency. This reflects the average salary by functional activity as well as geographical area and results in a more refined costing. The average salary in total is approximately $30,000; however, within each activity group the cost varies based on actual expenditure factors.

QUESTION. The civilian end strength and workyear actuals do not match the budgeted end strengths and workyears. The FY 1984 actual when compared to the FY 1984 estimated in the FY 1985 budget, shows a decrease of 4.2% in end strength and a 10% decreases in workyears. The FY 1985 actual when compared to the FY 1985 budget, shows a decrease of 2.16% in end strength and a 7.4% decrease in workyears. Yet, the Army is estimating and increase in FY 1986 end strength and workyears and is budgeting for large increases in FY 1987. Why?

General NOAH. Army has been attempting to expand civilian substitution efforts in those programs. However, to preclude dual staffing, civilians are not hired to replace military personnel until the military incumbent rotates from the position. The associated lag in this process often results in underutilization of strength and workyears which are then transferred to other activity groups during budget execution. Additional FY 86 and FY 87 civilians result from further expansion of civilian substitution in this activity group.

ARMY OFFICER ACQUISITION

QUESTION. The Officer Candidate School (OCS) and the United States Military Academy (USMA) enrollments have been fluctuating, but overall, have been on a downward trend since FY 1985. The FY 1985 average cadet strength was budgeted at 4,500. The FY 1986 average cadet strength was 4,510. The FY 1987 average cadet strength was 4,550. The FY 1987 budget includes a revised 1986 average cadet end strength of 4,470 and a 1987 strength of 4,455.

The OCS load in FY 1985 was budgeted at 168. The actual FY 1985 load was 185. The FY 1986 budgeted load was 298. The FY 1987 budget includes a revised FY 1986 load of 207 and a FY 1987 load of 206.

Why has the Officer Acquisition budget not been reduced based on a reduced USMA average cadet strength and OCS loads?

General NOAH. As reflected on page 81C-3 of the budget, Officer Acquisition decreased from the FY 1985 actual of $35,510,000 to a budget of $31,275,000 in FY 1987. However, not all of the change is attributed to changes in work load. Some of the change is due to the realignment of resources between Activity Groups. For example, USMA's automation resources (manpower and funding) were transferred to the Training Support Activity Group during FY 1986 and are no longer reflected in the Officer Acquisition Activity Group.

QUESTION. Based on the most recent data, what is the estimated USMA average cadet strength; OCS load?

General NOAH. USMA's average cadet strength for FY 1985 was 4,510 and the estimate is 4,463 for FY 1986 and 4,455 in FY 1987. The Preparatory School load remains constant at 270 for each year.

The OCS loads reported in the FY 1987 budget were in error. They failed to include the OCS load associated with the US Army Reserve and the Army National Guard. The correct budget loads are as follows:

	FY 1985 (actual)	FY 1986 (estimate)	FY 1987 (estimate)
Input	1,209	1,310	1,310
Load	294	303	303

Additionally, the FY 1987 OCS load was revised in March 1986 as the result of the Senior Army leadership decision to double the OCS program in FY 1988 in order to expand the officer production of the US Army Reserve and the Army National Guard. The new

FY 1987 OCS loads are: Input 1530; Load 370. This increase is an effort to ramp-up to the FY 1988 level. The OCS production increase is a continuing effort to offset projected shortfalls in the Army's Reserve Officer Training Corps (ROTC) officer production.

QUESTION. With the USMA average cadet strength and the OCS load decreasing, why is the military end strength increasing by 102 and the civilian end strength increasing by 3 in FY 1987?

General NOAH. The military increase is a combination of two areas: active duty end strength and student end strength. The active duty end strength is budgeted to decrease by five (one officer and four enlisted) to reflect changes in USMA's support for morale, welfare, and recreation. The FY 1987 student end strength is estimated to increase by 107. This represents the estimated number of active duty enlisted students attending the USMA Preparatory School and OCS on 30 September. This strength varies depending on the schedule of the schools.

The civilian increase in FY 1987 is the result of warrant officer training support (+1); civilian substitution (+1); and the redistribution of information systems resources (+1).

QUESTION. In FY 1985, the average cadet strength increased by 10 and the OCS load increased by 17, yet the military end strength increased 51 and the civilian end strength increased by 72 for the FY 1985 budget to FY 1985 actual. Why?

General NOAH. The FY 1985 budgeted OCS load of 168 was based on an Army decision to reduce OCS active duty officer production from 750 to 500 per year. OCS production returned to 750 active duty officers per year in the FY 1986 budget based on the ROTC's shortfall in officer production. The active duty officer production for FY 1986 and 1987 remains constant at 750 per year.

When the revised FY 1985 loads are compared to the FY 1985 actuals, the input and load remain constant.

	Revised budget	Actual
Input	1,300	1,298
Load	295	294

The distribution between the FY 1985 budgeted and the FY 1985 actual year-end strength is as follows:

	Budget	Actual	Difference
Officers	711	742	+31
Enlisted	831	727	-104
Students	(742)	(588)	(-154)
Non-Student	(89)	(139)	(+50)
Cadets	4,419	4,543	+124
Total	5,961	6,012	+51
Civilian	605	677	+72

However, the actual column represents a snapshot of the number of military and civilian personnel at USMA and OCS as of 30 September, 1985 not the authorized personnel. Included in the actuals are personnel in transition and civilian overhires.

A comparison of the FY 1985 budgeted manpower to the FY 1985 authorized manpower gives a better picture of the changes.

	FY 1985 budget	FY 1985 authorized	Difference
Officer	711	706	5
Enlisted	831	829	2
(Students)	(742)	(685)	(−57)
(Non-Students)	(89)	(144)	(+55)
Cadets	4,419	4,550	+131
Total	5,961	6,085	+124
Civilian	805	764	41

The change in non-student enlisted and civilian manpower was caused principally by the transfer of a USMA manpower decrement from enlisted personnel to civilian personnel. The remaining active military manpower differences were caused by transfers between Activity Groups. The change in enlisted student end strength reflects a continued refinement of the number of students who would be attending school as of 30 September, 1985. The number of cadets reflect the delta between the authorized and the budgeted end strength.

Question. How does the Army plan to reduce its civilian end strength from the FY 1985 actual of 877 to the FY 1987 estimate of 726?

General Noah. As noted previously, the FY 1985 civilian end strength of 877 represent the number of civilian personnel at USMA on 30 September, 1985. Included are temporary over-hire personnel and personnel in transition. The number of civilian personnel authorized for FY 1985 remained at 764, the same as was shown for FY 1985 in the FY 1986 budget. The reduction of 38 spaces between the FY 1985 authorized and the FY 1987 estimate of 726 was cause by the transfer of these spaces to other Activity Groups within the budget. For example, spaces and funds were transferred from the Officer Acquisition Activity Group to the Training Support Activity Group for USMA's automation requirements.

ARMY PROFESSIONAL DEVELOPMENT EDUCATION

Question. Included in the FY 1987 budget is $1,799,000 for Professional Development of Officers. This is a new start in FY 1987.

What will actually be funded with this $1,799,000. How many Service members will participate in the training?

What are the staffing and funding aspects for FY 1987–1991? What is the estimated participation level FY 1987–1991?

Is this type of training not available for any other course already provided? How was the need for this course determined?

General Noah. The funds will support the development or revision of six (6) program areas: development and revision of functional area/area of concentration training courses for officers such as Combat Development Courses and Nuclear Weapons Employment

($700,000); supports a three-week training course for newly assigned ROTC Cadre ($500,000); funds civilian schooling for five (5) officers to become experts in Communications/Computer Based Instruction to support Army program developmental efforts (75,000); supports the development and distribution of materials for General Officers to conduct seminars/programs on Army values and ethics in units and organizations ($11,000); provides funding support for 'branch transfer' training for Reserve Component (RC) officers ($100,000); and the development of programs and training materials for branch refresher training of field grade officers ($395,000).

It is estimated that over 4,500 officers will participate/benefit from these initial efforts.

There are no increases in staffing requirements; existing staff assets are sufficient to accomplish the desired programs.

Funding aspects provide for the incremental expansion and continued development/support for the six (6) programs already mentioned, plus the initiation and development of six (6) additional officer training programs beginning incrementally from FY 1988-1991. The six additional programs to be added in subsequent years are: foreign/joint schools Command and General Staff Officer Course preparatory training (1989); development/support for an Army Professional Reading Program (1989); support for the United States Army Reserve (USAR) Combined Arms and Services Staff School (1990); development and full implementation of an Army-wide 'warrior spirit'/warfighting program (1990); development and implementation of an Army Communications/Computer Based Instruction (CCBI) program (1990); and follow-up research into the status and impact of these officer professional development programs (1991-1992).

Over this period all officers will benefit from these improvements.

This training provides enhancements and refinements to officer education and training programs as recommended by the Professional Development of Officer Study and approval by the Chief of Staff of the Army in May 1985.

Question. Why have the current year and budget year estimates for civilian workyears historically been overestimated when compared to the actual (FY 84 estimate in FY 85 budget was overestimated by 20.4% when compared to actual; FY 85 estimated in FY 86 budget is overestimated by 25.2% when compared to actual)? Why does the FY 1987 budget estimate that the FY 1986 and FY 1987 civilian workyear will be 1.2 times the respective civilian end strength?

General Noah. Army has been attempting to expand civilian substitution efforts in these programs. However, to preclude dual staffing, civilians are not hired to replace military personnel until the military incumbent rotates from the position. The associated lag in this process often results in underutilization of workyears which are then transferred to other activity groups during budget execution. Additional FY 86 and FY 87 workyears result from projected increases in use of temporary hires in this activity group.

Question. Based on the fiscal year 1985 experience of civilian workyears being less than civilian end strength, why is there a budgeted increase of $3,000 for overtime?

General NOAH. There is an across the board increase in civilian overtime programed as an alternative to hiring additional manpower to support mission requirements whenever it is cost effective.

ARMY MEDICAL PROGRAMS

QUESTION. The FY 1986 budget included a reduction of $23,400,000 for the proposed 5% civilian pay reduction. This proposal was not approved by Congress and the funding was restored. If the FY 1986 reduction totalled $23,400,000, why did the Army restore $23,884,000 (FY 87 J-Book, pg. 84-7)?

General NOAH. The Army based the 5% civilian pay restoration on revised payroll data available when the computation was made in January 1986. The reduction was based on January 1985 data thus there was a small difference between the amount reduced and the restoration.

QUESTION. How will the additional $2,830,000 alleviate the shortage of medical support personnel? Will the increase manpower have medical specialties, or will this provide for increased clerical support? How is this increase related to medical support of families? There were funds in the FY 1986 medical budget, so why is this funding for family program medical support identified as a new start in FY 1987?

General NOAH. The additional $2,830,000 will help to alleviate the shortage of medical support personnel as it will be used to support hiring 200 additional medical support personnel. The increased personnel will be comprised of registered and practical nurses, nurses aids, medical technicians, medical records personnel, medical technologists and similar medical support personnel. This increase is related to medical support of families because it will help to alleviate shortages of medical support personnel at treatment facilities which provide care to family members; improve physician productivity; increase inpatient and outpatient care of the treatment facilities. This increased funding for family program medical support is not a new start for FY 1987. It is an increase for FY 1987 to support alleviating shortages of medical support personnel at Army medical treatment facilities which provide care to family members.

QUESTION. How was the $10,353,000 cost derived for replacement of military billets by commercial activities? Isn't this anticipating a contracting out action?

General NOAH. Funds provide for the replacement of military with civilian employment or contract. An average cost of $22,500 for each military space was used. Under the Commercial Activity reviews, military billets are replaced by civilian employment or contract support. The decision for the function to remain in-house or to be performed by contractor support is irrelevant and therefore, does not anticipate a contracting out action. This is part of the Commercial Activity reviews scheduled for FY 1986 and FY 1987.

QUESTION. Command Health Care. Why does the FY 1987 budget include $4,000 for civilian substitution (pg. 84F-3), when there is no change in either military or civilian end strengths (pg. 84F-4)?

General NOAH. In 1985 the Army initiated the Civilian Health Care Substitution program, this budget projected the Command costs to be $125,000 for five full manyears in FY 1987 and $121,000 for just less than five manyears in FY 1986.

QUESTION. Base Operations: How many portable drug testing units will be purchased with the requested $826,000?

General NOAH. The funding requested for portable drug testing units, which is an integral part of the drug abuse prevention/suppression program, covers all costs for operating field test units. Included in the total figure is funding for the following separate and distinct items:

Purchase of new testing units
Purchase of required testing chemistry
Costs of a quality assurance program
Service contracts
Operator training

The latest cost estiamtes indicate that the subject funds will allow for the purchase of six drug screening systems along the lines of the Syva MultiTest System. The equipment will cost a total of approximately $100,000. The testing chemistry for 120,000 tests, a reasonable first-year testing level, will cost approximately $700,000. The training required for the certification of two operators per machine and service contracts for maintenance, calibration, and repair total approximately $26,000. In an effort to make better use of our available Forensic Drug Testing Laboratory (FDTL) quotas, which are limited by manpower, money, and technological complexity, DA intends to make broader use of field testing and prescreening on a local installation level. To accomplish this, we must have funds to purchase both the testing systems and the chemicals necessary for operation. We must also provide for the technical training necessary to certify operators. If funds are not sufficient, the field testing option will be unavailable at many installations, thus increasing the demand on the more expensive FDTL system.

[CLERK'S NOTE.—End of questions submitted for the record.]

Mr. CHAPPELL. Mr. Miller, do you have any other questions?

Mr. MILLER. No, thank you.

Mr. CHAPPELL. I know you are disappointed that we didn't keep you longer and ask you a lot of questions.

General NOAH. Sir, we were looking forward to all afternoon.

Mr. CHAPPELL. We thank you very much. You will have a good time with the questions.

Thank you very much.

WEDNESDAY, APRIL 16, 1986.

OPERATION AND MAINTENANCE, AIR FORCE

WITNESS

BRIGADIER GENERAL ROBERT F. SWARTS, DEPUTY DIRECTOR OF BUDGET (OPERATIONS)

INTRODUCTION

Mr. CHAPPELL. General, how are you today?

General SWARTS. Just fine, sir.

Mr. CHAPPELL. We will now continue our O&M hearings with a review of Air Force O&M accounts.

The primary witness for this hearing is Brigadier General Robert F. Swarts, Deputy Director for Budget (Operations).

General Swarts, we wish to welcome you to your first appearance before the committee. We hope you will enjoy it. We hope you enjoy many more after this. A copy of your biography and formal statement will be placed in the record.

We would ask you to summarize, then proceed and answer some questions after.

General SWARTS. Thank you very much.

Mr. CHAPPELL. Do you have anybody present at some point to give us a rundown on the Air Force operations over in Libya?

General SWARTS. Mr. Chairman, we do not. I asked our folks in the operations functional element today if they would have somebody that could do that. They feel, sir, they are just not quite ready to do that and we would be happy to come over a little bit later on to do that.

Mr. CHAPPELL. I understand.

OPENING REMARKS OF GENERAL SWARTS

General SWARTS. Thank you very much, Mr. Chairman, and members of the committee.

If I may begin by expressing our sympathy on the part of the Air Force personnel to the family and friends of Mr. Addabbo on his passing. We in the Air Force responsible for O&M and Readiness in particular are going to miss his strong leadership in that area.

I am pleased to appear before the committee today to discuss the O&M, Air Force budget request. This request is about $21.2 billion, representing about 20 percent of the Air Force total TOA request, and is a growing budget, growing about 3—a little over 3 percent this year as compared to less than half of 1 percent growth in the rest of the total Air Force budget.

We have been experiencing a gradual but steady increase in O&M since 1980 of about 4 percent real growth. To quickly highlight the differences between the real growth differences between 1986 and 1987, that $628 million real growth is comprised of about 50 percent or $317 million associated with increased space activity, including funding for the fiscal year 1988 Shuttle launches, opening the first elements of the Consolidated Space Operations Center, and continuation of the Titan 34D launch capability.

The remaining growth is split nearly equally between the Strategic Forces Support and the General Purpose Forces support to include such modernizations as the B-1, the Peacekeeper, strategic defensive programs, the GLCM programs, more F-16 and increases in C^3 systems.

In addition, we have added across all budget activities an increase in Real Property Maintenance to reduce the backlog of repair. I hasten to add these growths are computed, as was budget development, prior to the application of the Balanced Budget and Emergency Deficit Control Act of 1985. I will be happy to address some of those implications later on in terms of questions.

Mr. CHAPPELL. Can you talk about Gramm-Rudman-Hollings?

General SWARTS. Yes, sir.

In conclusion, sir, the O&M budget that we have before the committee represents a balanced approach, balanced between modernization and the readiness requirements of the Air Force.

We would like to thank the committee for the past support they have given us and hope we will be able to sustain this type of readiness capability in the Air Force in support of our modernization efforts.

Sir, I am ready for questions.

[The biography and statement of General Swarts follows:]

STATEMENT BY THE DEPUTY DIRECTOR OF BUDGET (OPERATIONS), AIR FORCE

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE

I am pleased to appear before this Committee to present and discuss the Operation and Maintenance (O&M), Air Force budget request for FY 1987. My statement will compare the FY 1987 budget with FY 1985 and FY 1986 funding levels (actual and budgeted) and will highlight the forces, manpower, programs, and resources supported by O&M funds.

The following is a summary of the FY 1985-87 O&M budgets:

	($ Millions)		
	FY 1985	FY 1986	FY 1987
O&M, Air Force	$19,227	$20,177	$21,214
O&M, Air Force Reserve	878	903	976
O&M, Air National Guard	1,825	1,813	1,933
Total Air Force	$21,930	$22,893	$24,123

I will focus my comments on the O&M, Air Force budget. The Air Force Reserve and Air National Guard budgets will be separately reviewed by this Committee.

I would like to point out that the impact of the Balanced Budget and Emergency Deficit Control Act of 1985, Public Law 99-177, is not included in our FY 1986 program numbers. All numbers are based on our enacted appropriation for FY 1986 prior to this new legislation. The implementation of this Act will reduce our FY 1986 Congressionally approved program by 5% or $965 million. As with any O&M reduction, this cut will affect both our short run readiness position and our long run combat capability. Affected programs include civilian personnel, flying hours, backlog of maintenance and repair (BMAR), depot maintenance, supply and equipment funding, services, and travel. Thus, we have serious concerns that P.L. 99-177 will decrease the tremendous strides we have made in restoring the readiness of our force structure.

OPERATION AND MAINTENANCE, AIR FORCE

The O&M appropriations, along with the Military Personnel appropriations, finance the day-to-day business of the Air Force. O&M funds buy the resources to operate and maintain weapon systems and facilities, purchase supplies, equipment, fuel and contract services, and pay civilian employees. These funds impact directly on the operational readiness of our forces.

The following table shows the O&M funding, actual and proposed, for the active Air Force, FY 1985-87:

O&M, AIR FORCE
FY MAJOR FORCE PROGRAM

($ Millions)

	FY 1985	FY 1986	FY 1987	Real Growth
Strategic Forces	$ 3,185	$ 3,315	$ 3,585	+6.4%
General Purpose Forces	4,048	4,484	4,710	+4.0%
Intell and Com	2,095	2,340	2,874	+19.7%
Airlift Forces	1,274	1,185	1,215	+.2%
Cen Supply and Maint	5,997	6,053	5,915	-4.5%
Tng, Med and Other Gen Pers Activ	2,064	2,213	2,320	+1.9%
Admin and Assoc Activ	558	581	589	-.3%
Support of Other Nations	6	6	6	-5.6%
TOTAL	$19,227	$20,177	$21,214	+3.1%

The FY 1987 O&M, AF, budget grows by approximately one billion dollars or 3.1% real growth over FY 1986. Of the one billion dollars, 39% is for price growth and 61% is for program growth. One reason for the low inflation dollar value is that the FY 1987 civilian pay raise is in the DoD Contingency line item. Major program increases occur in Strategic Forces, General Purpose Forces, and Intelligence and Communications including the DOD space support program managed by the Air Force. Major program decreases occur in Central Supply and Maintenance activities.

Program growth in Strategic Forces includes O&M support for the B-1B program, increased strategic reconnaissance support, Peacekeeper, initial contract support for the Advanced Cruise Missile and logistics upgrades for the Minuteman. These program increases are partially offset by decreased O&M for classified programs.

General Purpose Forces has program growth in the Ground Launch Cruise Missile Program to support increased operations and modernization of NATO nuclear forces. Command and Control has program growth because of increased communications and maintenance support for USAFE, TAC, and PACAF. The TAF flying hour program has increased costs because of increases in F-15, A-10, F-16, KC-10, E-3A, Compass Call, and Tactical Airborne Control System flying hours. Increased funding for facility projects-by-contract will reduce the Backlog of Maintenance & Repair (BMAR). Air Base Survivability has decreasing costs because of a one-time funding in FY 1986 for a limited series of bilateral agreements for protecting U.S. Tactical Air Augmentation Forces.

The Intelligence and Communications Program accounts for the largest increases in FY 1987. The Space Launch Support Program has increasing costs to support continuing operational activities at the Vandenberg Space Shuttle Launch and Landing Site. Five equivalent Air Force space shuttle missions are planned for flight in FY 1988 which are funded in FY 1987. Consolidated Space Operations Center operations capability will continue to increase incrementally through post-FY 1992. The Space Boosters increase is attributed to a 1 1/2 year extension of Titan 34D launch services at Cape Canaveral AFS to support an added launch for a significant national mission.

The Airlift program has two major program decreases for FY 1987. One decrease is due to flying hour adjustments for C-141s transferring to the Air Reserve Components (ARC), a C-130 squadron deactivation, and C-5 crew ratio decrease. The other decrease reflects reduced C-5 cabin load restricted flying as a result of the completion of the wing modifications.

In Central Supply & Maintenance, major reductions occur in depot maintenance, environmental restoration, modernization, inventory control, and transportation.

The increases in Training, Medical, and Other General Activities include increased data automation support and training of civilian personnel to improve acquisition contracting procedures, utilization of Uniformed Service Treatment Facilities, DOD Medical Review Board, and contracting for Academy and ROTC Entrance Examinations. Decreases result from reduction in the funds spent for the leasing of Information Systems and other equipment as well as reduced funding for the Education Assistance Test Program, decreased AIDS testing costs, and war readiness equipment procurement.

Administration and Associated Activities account for the remaining program changes. Increases are for disability compensation and productivity investment funding offset by RPM and ADP decreases.

Details on the price and program growth are provided on the following pages.

ESTIMATED PRICE CHANGE

The budgeted price growth of $410 million in FY 1987 is driven by price increases for non-personnel purchases and changes in revolving fund account refunds. These price changes permit a realistic estimate for inclusion in the Authorization and Appropriation Acts to execute the approved O&M programs.

O&M, AIR FORCE
PRICE AND PROGRAM CHANGE BY CATEGORY
($ Millions)

Category	Price Growth	Program Growth	FY 86 to FY 87 Change
Civilian Personnel	$ +1	$ +115	$ +116
Travel	+7	-3	+4
Stock Fund (SF)	-20	+117	+97
Industrial Fund			
Maintenance	-35	-171	-206
Transportation	-2	+17	+15
Other Purchases	+336	+553	+889
SUBTOTAL	$+287	$+628	$+915
Refunds	+105	-	+105
Foreign Currency	+18	-	+18
TOTAL	$+410	$+628	$+1,038

The last two items relate to the FY 1986 refunds and Foreign Currency changes which are shown separately for clarification.

In FY 1986, the Air Force received $556 million in refunds from Revolving Fund accounts; the FY 1987 PB contains $451 million. Decreased refunds act as positive price growth when looking at FY 1987 changes. Likewise, the change in the amount of the appropriation subject to Foreign Currency results in positive price growth.

WHAT O&M BUYS

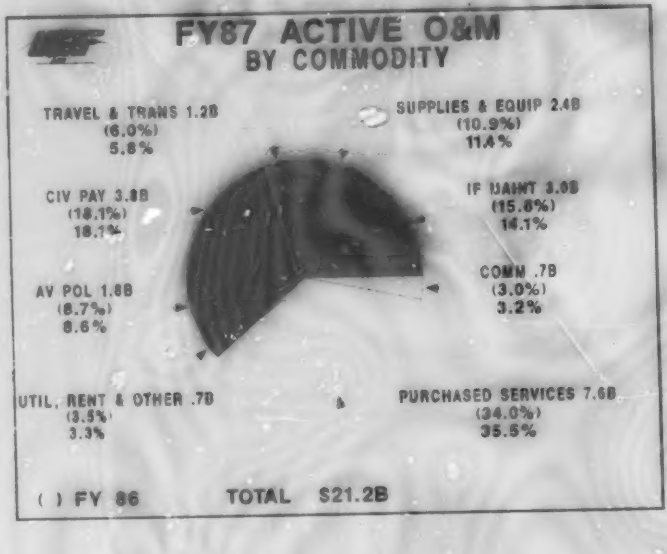
Although O&M funding is critical to readiness, the O&M account is not well understood by many who have an otherwise excellent knowledge of military affairs. Even members of the armed forces often have a limited knowledge of what it buys or how it fits into the overall budget. It is difficult to grasp the full range and importance of the O&M account.

The O&M appropriation provides the money used to buy fuels, lubricants and expendable parts for aircraft, missiles, and vehicles. It is also used to maintain runways and facilities, operate the physical plants, communicate around the world, perform depot maintenance on weapon systems, train and provide health care to people, and pay civilian employees. All levels of Air Force management are active in managing, budgeting, and executing O&M. The primary determinants of O&M dollar requirements are force and base structure, flying hours, and manpower. The O&M account provides the "life blood" for combat and support forces.

In terms of aggregate physical plant, major units, combat training activities, and other gross quantitative indicators, the following kinds of things are acquired and/or supported with O&M funds (FY 1987 data):

- Aircraft flown and maintained (TAI) - 6,642 (O&M, AF, aircraft inventory) (Down 61 from FY 1986)
- Flying hours - 2,426,745 (O&M, AF) (Up 28,452 from FY 1986)
  - Aircraft POL - 59,161,000 BBLS (active) (Up 1,694,000 from FY 1986)
  - Other POL - 8,235,000 BBLS (active) (Down 111,000 from FY 1986)
- Personnel paid or supported -
  - Military - 607,200 (active only) (Up 720 from FY 1986)
  - Civilian - 160,794 (O&M, AF) (Down 93 from FY 1986)
- Airfield pavements - 250 million square yards (No change from FY 1986)
- Roads and streets - 12,000 miles (No change from FY 1986)

The Air Force budgets, manages and administers its funds by Major Force Program (previously shown). However, it is also useful to look at what O&M buys in terms of commodities; that is, broad classes of goods and services. The following chart shows the composition of O&M, AF costs by commodity class. (Shown in parentheses are last year's %.)



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O&M AND READINESS

The military might of a nation has historically been measured in terms of troop strength and quantities of hardware: divisions, tanks, aircraft, missiles, and ships. An assessment of military capability based exclusively on quantities of equipment and number of personnel ignores the essential element of combat readiness. Readiness is defined as the capability of military forces, units, weapon systems, equipment and personnel to perform functions, at the outbreak of hostilities, for which they have been designed, organized, or trained. As such, it is an element of overall military capability, along with the forces in being (force structure), age and technological capability of weapon systems and equipment (modernization), and the ability to continue effective military operations over an extended period of time (sustainability).

Virtually every O&M dollar the Air Force spends contributes to readiness in some way. However, since much of the Air Force O&M budget is spent on programs whose true effectiveness can be measured only during actual hostilities, it is difficult to quantify precisely the readiness impact of every O&M expenditure in peacetime. For example, quantifying the additional readiness derived from one additional sortie by an aircrew is difficult. Even more intangible is the effect on morale and readiness generated by painting or furnishing airmen dormitories. Despite this difficulty, an overall direct relationship exists between the programs O&M buys and the day-to-day readiness of the Air Force.

AIRCRAFT INVENTORY AND FLYING HOURS

A substantial portion of the total O&M budget directly supports flying operations. A large part of the depot maintenance program, all of the aviation petroleum-oil-lubricants (AVPOL), and roughly one-third of the supplies purchased with O&M funds are used to support flying operations.

The need for aviation POL and supplies is generally understood. Aviation POL is the fuel consumed in the flying of aircraft and in maintaining and testing of engines. Supplies are the relatively low cost replacement parts and other expendable items used by field maintenance organizations to repair aircraft.

Flying hours generate expenditures for aviation fuel, supplies, and depot maintenance, TDY training, range time, and transportation. Just as important as the hours themselves are where and how they are flown. Straight and level flight, for example, does little to prepare a fighter pilot for war. Aircrews must practice, as nearly as possible, under conditions they would face in actual combat. Training must be rigorous and realistic to allow crew members to exploit the full potential of their weapon system. As weapons have become more expensive and more lethal, "live" practice with weapons has become increasingly limited. Electronic simulation devices have, to a large extent, supplemented practice with actual weapons. Improved technology enhances realism when electronic simulation devices are used.

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To meet this training challenge, highly sophisticated training ranges are being maintained at the Tactical Air Warfare Center, the Tactical Fighter Weapons Center, the Strategic Training Range Complex, and other weapons training sites. Here aircrews can simulate weapons releases against simulated enemy defenses. These ranges and the simulation devices, such as Air Combat Maneuvering Instrumentation (ACMI), are supported with O&M dollars.

Generally, aircrews must deploy to use the ranges. For example, an F-15 squadron from Langley AFB, Virginia, may deploy to the range near Nellis AFB, Nevada. When a squadron is deployed, its maintenance capability goes with it. Maintenance people, spare parts, tools and equipment are deployed, and we provide a travel allowance to aircrews and maintenance personnel which helps offset their additional living costs. The spares and required maintenance equipment must also be transported to the range. All these transportation and TDY costs are paid with O&M dollars.

Training deployments produce other readiness benefits. U.S. based units become more effective by deploying to Europe or the Pacific to train in the environment in which they may have to fight. Effectiveness of our alliances is improved by conducting exchange and interoperability exercises with allied nations. These exercises require significant expenditures of O&M funds, but have a high payoff in readiness training. For aircrews and maintenance personnel to perform the duties for which they train, they must have the weapons, maintenance equipment, parts, and supplies they need. Transportation of materiel from supply centers in the United States to the using unit, wherever it might be, is paid with O&M funds.

The following table shows the active aircraft inventory and the flying hours funded by O&M funds.

O&M, AIR FORCE ACTIVE AIRCRAFT INVENTORY AND FLYING HOURS*

FY 1986			FY 1987		
PAI	TAI	Flying Hours	PAI	TAI	Flying Hours
5,839	6,703	2,398,293	5,829	6,642	2,426,745

*Includes Foreign Government owned (FGO) aircraft operated by the U.S.

The primary aircraft inventory (PAI) is the inventory of aircraft actually assigned to units for the performance of their operational missions. The total aircraft inventory (TAI) is the inventory of aircraft that includes the primary aircraft inventory (PAI) and the backup aircraft inventory (BAI). The backup aircraft are those assigned to units to permit scheduled and unscheduled maintenance, modifications, inspections and repairs without reduction of aircraft available for the operational mission. Changes in the flying hour program are correlated with changes in PAI, since PAI is the inventory factor in determining the allocation of flying hours to units.

The O&M primary aircraft inventory has a net decrease of 10 aircraft in FY 1987 as a result of the Air Force's modernization program and includes replacing older F-4s with F-16s, and adding additional B-1B, KC-10 and TR-1 aircraft to the inventory.

The O&M flying hour program has an increase of 28,452 hours in FY 1987 primarily to support force modernization.

The development of the Air Force flying hour program follows the same general planning, programming, budgeting and execution phases as other O&M programs. The program is designed to meet, within fiscal constraints, aircrew training requirements to ensure a responsive and ready force. The two major factors in the development of the program are aircrew requirements and sortie generation capability. In close coordination with the Major Air Commands, the Air Force establishes its program based on the lower of these two factors. The Air Force recognizes that any growth in the flying hour program must consider logistic supportability and aircrew availability along with aircrew requirements.

MILITARY AND CIVILIAN PERSONNEL

It is vitally important that our manpower be considered a resource that is directly tied to programs like the B-1, F-16 and support for our combat forces. Reduce a program and the manpower supporting that program will be reduced. However, reductions in manpower without reductions in program cause program delays, turbulence or even the termination of some programs that have Congressional approval as these unspecified manpower reductions are levied across functional areas. The link between programs and manpower is critical to carrying out the intentions of both Congress and DOD and should not be severed.

The following table shows a comparison of Air Force military and civilian personnel for FY 1985-87:

	(End Strengths)		
	FY 1985	FY 1986	FY 1987
Military (active forces only)	601,515	606,470	607,200
Civilian	263,868	261,740	263,298
O&M, AF	160,080	160,887	160,794
Industrial Fund	47,064	43,813	43,861
RDT&E, AF	19,269	18,953	19,821
O&M, AFR	12,836	13,253	13,717
O&M, ANG (includes technicians)	24,619	24,834	25,105

The Air Force manpower program for FY 1987 reflects a minimal growth in military personnel (+730) and civilian personnel (+1,558) from FY 1986 levels. The military growth represents a 0.1% increase above the FY 1986 active force strength and the civilian growth only 0.6% increase. While the aggregate growth is small, the Air Force has accommodated almost 9,300 new active, military manpower requirements from within the existing baseline. These new requirements support deployment of the B-1 bomber, F-16 tactical fighters, the ground launched cruise missile, KC-10 tankers and special operations and rescue aircraft as well as satellite operations, aircraft maintenance, and medical support. Offsets for these increases were achieved by rebasing or eliminating older weapon systems and by Air Force management initiatives. For example, strong retention allowed us to reduce accessions and training and Congressional elimination of civilian ceilings for FY 1986 allowed us to convert non-military essential positions to civilian. This latter action was conversions of military to civilian in anticipation of OMB Circular A-76 cost studies and full time support of our modernizing Air Reserve Components constitute the basis for most of our civilian growth. The remainder provides logistics support for the B-1, C-17, and Peacekeeper weapon systems.

PRODUCTIVITY INITIATIVES

OMB Circular A-76 cost comparisons continue as part of our overall effort to reduce Air Force operating costs. Workloads which do not require either military or in-service civilian personnel are considered for potential contract performance in accordance with the Circular. An in-service essentiality review to ensure that combat readiness would not be compromised is accomplished before an activity is identified for cost comparison. Such cost reviews compare the total Government cost of the most efficient in-house operation to the total cost of contracting such services. The decision to perform in-house or by contract is based upon the results of the cost comparison. Contractor performance is subsequently monitored to ensure that we continue to receive the best service for the lowest cost.

Currently the Air Force is conducting cost comparison studies involving more than 450 activities which have approximately 7,400 manpower authorizations. The Air Force has long considered the contract alternative a viable and efficient means of accomplishing workload; however, national defense considerations are primary in any contracting-out decision.

Over the next five years, the Air Force will be conducting functional reviews on those commercial activities that must remain in-house for national defense reasons. Functional reviews will be conducted with the objective to eliminate unnecessary and inefficient work practices, thus reducing operating costs. The functional review process looks at wartime, as well as peacetime requirements to assure that peacetime economies will not adversely impact on combat readiness. Reviews are planned in virtually every functional area, encompassing nearly 620,000 authorizations (military and civilian). Thus far we have reviewed 2 percent of the data base and 628 authorizations have been reprogrammed to satisfy other valid requirements. By the end of FY 1986 we should complete the study of over 100,000 spaces, about 16% of the data base.

Finally, Air Force capital investments have offset 3700 manpower requirements since FY 1981. About one-third of this number was against existing requirements.

DEPOT PURCHASED EQUIPMENT MAINTENANCE

The Depot Purchased Equipment Maintenance Program (DPEM) is one of the most visible of the O&M programs because of its cost and direct impact on force readiness. DPEM provides for centralized maintenance and modification of aircraft, missiles, engines, other major equipment, and exchangeable subassemblies and components that are repaired or modernized at the Air Logistics Centers, through interservice support, and by contract. The current annual expenditure for depot maintenance is large in dollar terms, but it is small in comparison to results. The funds spent for depot maintenance both maintain and improve war fighting capability. Combat training must be rigorous to be effective. Under the stress of such training, equipment can deteriorate rapidly. Air Force equipment is also exposed to the elements in some of the world's harshest environments. Since we train with the weapons we will fight with, deteriorated equipment must be restored or replaced. By restoring equipment to a ready state, depot maintenance helps us avoid tremendous investment costs.

Besides deterioration, we must deal with obsolescence and the resulting need for new capabilities. In many cases, we avoid buying new equipment by modifying existing systems. The B-52 cruise missile conversion and the KC-135 reengining program are examples of current modifications. Although modification kits are bought with procurement funds, installation is an O&M cost -- whether accomplished by contractors or by in-house personnel.

The DPEM backlog is zero in FY 1986. The DPEM funding is shown below:

	($ Millions)		
	FY 1985	FY 1986	FY 1987
Funding	$3,120	$3,211	$3,010

The four major factors that drive the requirement for depot maintenance are the number of aircraft in the inventory, the hours flown, the complexity of aircraft and their systems, and the age of the aircraft. The trends in number of aircraft and flying hours are portrayed on earlier charts. The following table shows the age of the aircraft in the inventory.

AGE OF AIRCRAFT

Fiscal Year	Inventory	No. 9 Yrs +	% 9 Yrs +
1964	15,214	5,173	34%
1973	10,801	5,076	47
1974	10,156	5,383	53
1975	9,334	5,134	55
1976	9,274	5,758	62
1977	9,227	6,295	68
1978	9,114	6,671	73
1979	8,931	6,757	75
1980	9,041	6,968	77
1981	9,157	6,945	76
1982	9,198	6,964	76
1983	9,330	7,025	75
1984	9,380	6,862	73
1985	9,418	6,897	73

The foregoing data indicates that in spite of the ongoing modernization program, the average age of aircraft in the force grew perceptibly over the past two decades. For example, the percentage of aircraft over nine years old went from 34 percent in FY 1964 to 73 percent in FY 1985. This aircraft aging is reflected in the increased cost of aircraft repair, maintenance and modification.

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STOCK FUND

The Air Force Stock Fund request for Total Obligational Authority (TOA) of $239.4 million in FY 1987 supports peacetime inventory augmentation ($140.0 million) and procurement of War Reserve Materiel (WRM) ($99.4 million).

The $140.0 million requested for peacetime inventory augmentation provides for the procurement of inventory to support force expansion, force modernization, and materiel readiness initiatives.

The FY 1987 peacetime inventory augmentation request is composed of the following:

- $124.1 million to support force expansion which includes introduction of new weapon systems such as the B-1B and increased inventory of C-5Bs, F-15s, and F-16s.
- $15.7 million to support force modification which includes initial support for major modifications to weapon systems such as the F-4, C-135, C-141, and F-111 aircraft.
- $0.2 million to support readiness initiatives that will improve support of customer demands at wholesale and retail operating activities.

The FY 1987 WRM request allows the Air Force Stock Fund to continue building the capability to meet combat sustainability objectives and to preposition medical supplies and rations that are essential for the care and sustenance of our personnel during combat operations.

Full funding of this request will enable the Air Force to procure the proper mix of stock to: (1) support initial readiness of new weapon systems entering the force structure and modifications to existing systems; (2) expand the range and depth of inventory stockage levels at both wholesale and retail activities to support increased peacetime activity and improve materiel availability; and, (3) provide the supplies and rations essential to maintain the fighting capability and survivability of our forces.

Gramm-Rudman funding impacts will reduce Air Force Stock Fund total obligation authority in FY 1986 by $20.4 million. The effects of this reduction include decreases in: (1) availability of aircraft, missile, and support equipment repair parts; (2) barrels of WRM fuel on-hand; (3) availability of WRM rations; and (4) hospital supplies and equipment.

FACILITY MAINTENANCE AND REPAIR FUNDING AND BACKLOG

About 1[illegible] of the O&M budget is spent for maintenance and repair of real property and other civil engineering activities. Much of the physical plant in the Air Force is the supporting structure for readiness: maintenance hangars, aircraft shelters, missile silos/launch facilities, satellite control facilities, and runways. This supporting structure is especially important because the Air Force, unlike the other

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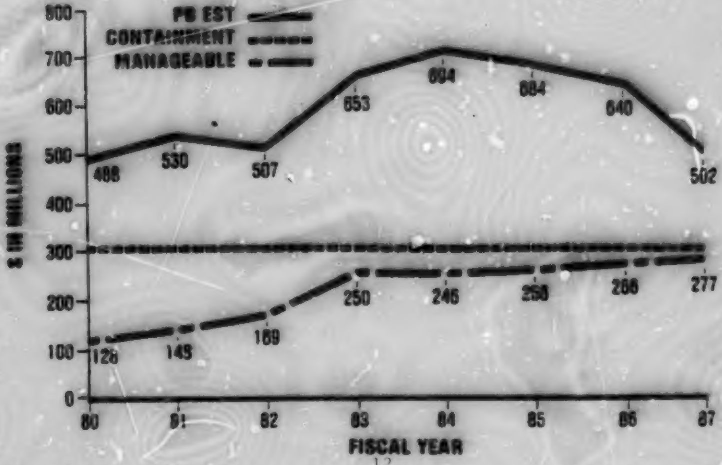
Services, will fight from its air bases. Much of the physical plant is of World War II or Korean War vintage, and we are spending large sums of money to maintain facilities. Some of these, particularly overseas, more practically should be replaced. Utilities and operating costs for these old facilities are unavoidably expensive as well. Shortages of Military Construction funding have forced the Air Force to continue to operate and maintain some marginally effective facilities.

A method of evaluating physical plant condition is the backlog of maintenance and repair (BMAR). The BMAR is not a measurement of the total maintenance and repair requirement. Rather, it is a measurement of identified requirements which have been deferred. As our physical plant ages it takes more O&M and MILCON funding to keep the BMAR from growing. The Air Force has gone on record to emphasize the undesirability of large scale deferral of maintenance and repairs. With the help of the Congress, we have been able to arrest the growth in FY 1985 and FY 1986. Even with the keen competition for funds in this year's budget, we have included sufficient funding to make some sizeable reductions in FY 1987. We project the end of FY 1987 BMAR to be about $502 million. While this is still above the Congressional containment level of $300 million, with your help, it now represents a decline of $389 million from levels previously projected for the end of FY 1986. We earnestly need your continued support of the Air Force real property maintenance funding requests during considerations of the FY 1987 budget.

FACILITY MAINTENANCE AND REPAIR (O&M, AIR FORCE)

($ Millions)

	FY 1985	FY 1986	FY 1987
Backlog (BMAR)	$ 684	$ 640	$ 502
Funding	$ 575	$ 626	$ 703


Backlog of Maintenance and Repair

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RECRUITING AND ADVERTISING

Recruiting of quality personnel is essential if the Air Force is to continue to meet its critical skill requirements. The O&M resources necessary to meet the recruiting goals in FY 1986 and FY 1987 are:

($ In Millions)

	FY 1986	FY 1987
Recruiting	$ 28.8	$ 29.9
Advertising	17.6	18.3
Total	$ 46.4	$ 48.2

Total Air Force recruiting objectives are:

	FY 1986	FY 1987
Enlisted	67,000	66,900
Officer	2,300	2,619
Health Professionals	1,742	1,443
Total	71,042	70,962

The increase of $1.8 million between FY 1986 and FY 1987 includes $1.5 million price growth and $.3 million program growth. Although we are currently achieving our enlisted accession goals (Non-Prior Service and Prior Service), increased emphasis is needed to sustain our success, particularly in difficult recruiting programs such as electrical engineers, physicians in critical specialties, and fully qualified prior service personnel targeted at critical skills. FY 1987 program growth is required to fund applicant processing and direct recruiter support costs necessary to recruit an additional 2,095 (+3%) enlisted, officer, and medical personnel than in FY 1986. There is no program growth in advertising as we will align our resources internally to meet our most difficult recruiting programs.

SPACE OPERATIONS

Our current space systems support a variety of functions such as navigation, communications, surveillance, treaty monitoring and weather observation. The global access of our satellites coupled with their efficiency in terms of mission and cost are our primary reasons for space activity.

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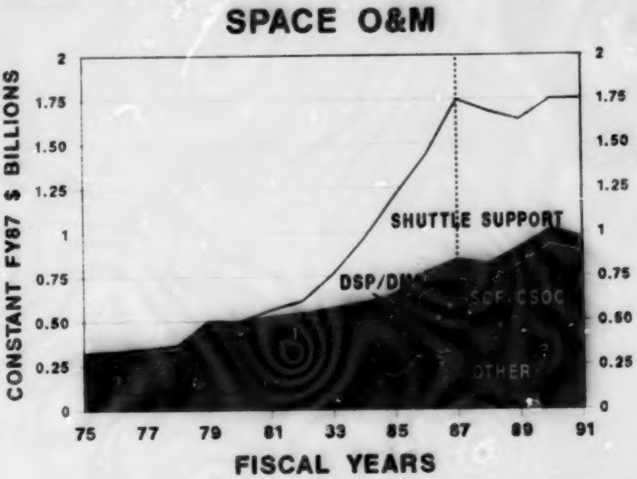
The following chart shows the O&M, AF funding for the space program from FY 75-91.



The Air Force is the Department of Defense executive agent for acquiring and operating the Shuttle facilities at Vandenberg Air Force Base. The Vandenberg Shuttle Launch Facility was officially activated on October 1, 1985 and the Orbiter Discovery is currently scheduled for launch in July 1986. The increase in O&M ($+244.2 million) that is needed to support Vandenberg operations as well as Shuttle launches at Cape Canaveral is contained in the Space Launch Support Program line. This growth is primarily attributed to shuttle orbiter flight charges and the Shuttle processing contract for which the Air Force reimburses NASA.

The overall impact to Air Force launch requirements due to the recent loss of the Shuttle Challenger has not been determined. NASA has grounded the Shuttle fleet pending findings of their accident investigation. DOD is currently assessing the impact of this significant loss and ways to mitigate the impact. Regardless, based upon the pricing/reimbursement agreement between the Air Force and NASA, the Air Force is committed to provide funds in FY 1987 to pay for FY 1988 flights.

Our current inventory of Expendable Launch Vehicles (ELVs) is being exhausted. The last Titan III will be delivered in 1986 and the Atlas E refurbished ICBMs will be used to launch the Defense Meteorological Satellite Program (DMSP) through 1989. The Air Force no longer has any backup ELVs and all have been assigned to primary launch missions. We are planning to convert decommissioned Titan II ICBMs into launch vehicles for DMSP and classified program launches to occur between FY 1988 - FY 1990. Program growth in the Space Boosters line is $15.2 million and is attributed to a 1 1/2 year extension of Titan 34D launch services at Cape Canaveral to support an added launch for a critical national security payload.

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In his National Space Policy Directive, the President codified the firm requirement for assured access to space. In order to implement the President's policy, the Air Force has initiated production of 10 ELVs that will be capable of launching shuttle-sized satellites. These ELVs will be used to complement the Shuttle for the JCS's top priority satellite programs. To the greatest extent affordable, the Complementary ELV (CELV) program will provide a Shuttle-complement that reduces commonality with shuttle components, facilities, and industrial base. Furthermore, while satisfying immediate national security requirements, the CELV program, when coupled with the Shuttle, provides a sound foundation for progress toward the nation's space transportation goals for all sectors -- civil, commercial, as well as national security. Operation and Maintenance funding for the Complementary ELV will begin in FY 1989.

The Consolidated Space Operations Center (CSOC) located at Falcon AFS, Colorado Springs, CO combines two major missions for the DOD -- satellite control and military Shuttle operations. The CSOC Satellite Operations Complex (SOC) will plan and execute control of operational DOD satellites. The Shuttle Operations and Planning Complex (SOPC) will provide limited Shuttle flight planning and conduct Shuttle mission operations for DOD flights. The CSOC buildup and other site facilities were completed in September 1985. The Global Positioning System (GPS) master control station, a tenant activity at CSOC, became operational in FY 1986. CSOC operational support for satellite Mission Control Complex I (MCC I) began in FY 1986 and will continue to incrementally increase until a full operational capability is achieved in FY 1992. The CSOC has a $58.0 million growth in FY 1987 which is primarily attributed to the support required for the operation of MCC I, the operational software maintenance complex, and the network scheduling and control functions, and the preparation to activate MCC II.

PEOPLE

People are the key resource. No investment in equipment and facilities would produce readiness without well-trained, motivated, and dedicated people. We must attract and retain high quality people, train them to do their jobs, and sustain them and their families. That requires O&M funding. Our recruiting stations, advertising, and the leased vehicles used by recruiters are paid for with O&M funds. Our technical training centers are operated with O&M funds. These centers train recruits in entry level job skills and, as they progress in their careers, provide the skills they need to become senior technicians and managers. When new weapon systems such as the F-15 are bought, instructors and maintenance personnel are sent to the manufacturers' plants for training.

Once military personnel are trained and in the field, most of their operating support, except for pay and food, is provided by O&M funding. Dormitories are maintained and equipped with O&M funds, and dining halls are operated with O&M funds. Morale, welfare, and recreation facilities receive O&M support. The level of real property maintenance funds determines the condition of working facilities. These types of personnel support costs probably have more impact on retention than anything other than pay. Dollars spent for personnel support help avoid much larger costs needed to train replacements for dissatisfied people who leave the Air Force.

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Civilian employees compose a large and important segment of the Total Force. Their contributions improve readiness and mission accomplishment on a daily basis. We are committed to keeping our civilian members full partners in the Total Force.

Civilian personnel management faces many of the same challenges as the military. In particular, the need to attract and retain high quality people is both a necessity and an area of concern. The Air Force will be competing in a very difficult market as we continue to convert military positions to civilian. Further, once we attract these technically oriented employees, we must ensure our personnel system responds to their needs for recognition, advancement, and security.

Before discussing the details of each Major Force Program (MFP), I would like to show the effect that P.L. 99-177, the Balanced Budget and Emergency Deficit Control Act of 1985, will have on our programs. The reductions below are not included in any of our MFP detail since all numbers are based on our enacted appropriation for FY 1986. The chart below shows a breakout of the $965.4 million O&M, Air Force reduction by MFP:

MFP	Budget Authority Reductions ($ millions)
Strategic Forces	$ -159.4
General Purpose Forces	-208.1
Intelligence and Communications	-115.0
Airlift and Sealift	-57.7
Central Supply and Maintenance	-290.1
Training, Medical, and Other General Personnel Activity	-106.6
Administration and Associated Activity	-28.2
Support of Other Nations	-.3
Total	$ -965.4

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The following pages provide O&M, Air Force budget data by Major Force Program for FY 1985-87.

STRATEGIC FORCES

Strategic Forces provide the capability to insure credible deterrence in support of national policy. These forces are combined into two major categories: Strategic Offense and Strategic Defense. Strategic Offense forces are those of the Strategic Air Command and consist of aircraft, missiles, and command, control and communication systems. Strategic Defense forces include elements of Space Command, Alaskan Air Command, and Tactical Air Command. Strategic Defense forces include: atmospheric, ballistic missiles, and space surveillance systems, space defense systems, early warning and defense radars, interception aircraft, and the associated command and control for these systems. Funding requirements are summarized in the following table:

($ Thousands)

	FY 1985	FY 1986	FY 1987
Strategic Offensive:	$ 2,189,524	$ 2,215,180	$ 2,369,774
Aircraft	$ 1,084,818	$ 1,078,082	$ 1,129,700
Missiles	161,723	195,465	236,330
Other Offensive Operations	68,819	70,042	75,353
Telecom & Command Control	120,465	139,212	148,136
Base Operations	753,699	732,379	780,255
Strategic Defensive:	$ 995,164	$ 1,100,157	$ 1,215,597
Surveillance Radars	$ 258,737	$ 313,066	$ 406,349
Defensive Operations	136,834	166,108	169,290
Other Defensive Operations	141,290	146,431	146,810
Telecom & Command Control	97,609	129,259	131,403
Base Operations	360,694	345,293	361,745
TOTAL	$ 3,184,688	$ 3,315,337	$ 3,585,371

Funding changes between FY 1986 and FY 1987 include $57 million for price changes and $213 million in program growth. Major program increases in terms of program growth in Strategic Forces for FY 1987 include the following: O&M support for B-1B Program ($+47.2 million), transfer from Aircraft Procurement Appropriation for strategic reconnaissance support ($+30.0 million), initial contract support for the Advanced Cruise Missile ($+19.5 million), logistics upgrades for the Minuteman ($+5.6 million), O&M support for Peacekeeper ($+10.3 million), O&M support for the Ballistic Missile Warning and Attack Assessment System ($+15.3 million) and C-3 Power Reliability Program ($+7.5 million) conversion from mechanical to Phased Array Radars ($+14.3 million), SLBM Detection Warning System Enhancement ($+17.9 million) resupply of Remote DEW/DYE Stations ($+17.2 million), and T-33 Aircraft Maintenance Contract ($+10.3 million).

These programs are partially offset by decreased O&M funding for classified programs ($-10.2 million), FY 1986 Titan Site dismantling ($-12.1 million), and cessation of operation of the BMEWS Mechanical Radar ($-7.2 million).

GENERAL PURPOSE FORCES

General Purpose Forces consist primarily of the Tactical Air Command, the Pacific Air Forces, and the United States Air Forces in Europe. These forces provide for air superiority, counter-air, interdiction, close air support, reconnaissance and surveillance, and electronic warfare. The following table summarizes General Purpose Forces funding requirements:

	FY 1985	FY 1986	FY 1987
	($ Thousands)		
Tactical Fighters & Weapons	$1,505,070	$1,452,667	$1,457,647
Tactical Reconnaissance Electronic Warfare	153,029	198,062	214,569
JCS Exercises	35,719	31,063	33,220
Combat Support	184,720	255,833	306,642
Other Command & Control	165,743	167,358	200,243
Other Tactical Operations	125,419	120,131	121,743
Major Range & Test Facilities	22,597	25,041	27,476
Tactical Intelligence & Special Activities	245,479	352,533	397,915
Telecom & Command Control	130,525	137,426	158,306
Base Operations	1,466,359	1,551,345	1,792,221
Foreign Currency	13,177	19[illegible],300	-0-
Total	$4,047,837	$4,483,759	$4,709,982

Major program increases in FY 1987 include support for the flying hour program ($+28.9 million), Ground Launch Cruise Missile (GLCM) program ($+39.1 million), TR-1 Support ($+11.0), intelligence and special activity programs ($+49.8 million), chemical and biological defense programs ($+3.9 million), telecommunications support ($+9.6 million), and Command & Control (includes AWACS, Compass Call, & TAF) programs ($+25.4 million). Real property maintenance and base operating support for GLCM increased ($+17.6 million) and other facility projects increased ($+24.1 million). These increases are partially offset by decreases in classified programs ($-15.9 million), combat support ($-5.0 million), Air Base Ground Defense transfer to the Army ($-3.5 million), and Air Base Survivability ($-20.0 million).

INTELLIGENCE AND COMMUNICATIONS

This program has four major areas of activity: 1) The conduct of National, Department of Defense, and Air Force intelligence and security programs and worldwide communications and command control systems required by both National Command Authorities and the Air Force under all conditions of peace and war; 2) space support activities; 3) specialized functions such as weather service, air traffic control, and Office of Special Investigations (collectively called service-wide activities); and 4) the base operations functions to support these activities. Funding requirements are summarized in the following table:

	FY 1985	FY 1986	FY 1987
	($ Thousands)		
Telecom & Command Control	$ 668,531	$ 748,443	$ 804,253
Space Support	723,702	924,048	1,279,514
Intel & Service-wide Activities	665,494	634,136	744,060
Base Operations	37,145	33,242	45,853
Total	$2,094,872	$2,339,869	$2,873,680

The changes in funding requirements in FY 1987 include price growth ($+73.5 million), and program growth as follows:

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Space Launch Support Program ($+244.2 million), Consolidated Space Operations Center ($+58.0 million) classified activities ($+83.6 million), Space Boosters ($+15.2 million), Navstar GPS ($+6.8), Weather Service ($+5.0 million), Electronic Combat Intelligence Support ($+2.6 million), Office of Special Investigations ($+1.6 million), WIS Software ($+2.4 million), Defense Data Network ($+2.1 million), Real Property Maintenance ($+10.6 million), ADP Equipment Purchase and Maintenance ($+14.6 million), and Mission Effective Information Transmission System ($+6.5 million).

AIRLIFT FORCES

This program provides the majority of the funds to operate and maintain the Military Airlift Command (MAC). The primary mission of MAC is to maintain the readiness of the military airlift systems in support of contingency and wartime plans and operations. This mission has three subsets: strategic airlift, tactical airlift, and special operations (SOF) and combat rescue.

The O&M funds requested in this program are for initial qualifications; continuation and upgrade training of C-5, C-141, and C-130 aircrews; SOF and combat rescue operations; operation and maintenance of MAC bases; advanced helicopter crew training; command, control and communications; maintenance of an operational support airlift system; and intermediate and organizational aircraft maintenance. The funding also supports DOD flying hour requirements for specific airlift missions assigned to the Air Force as a mission and funding responsibility, and local area training for C-5, C-141 and C-130 aircrews.

The peacetime readiness training of the military airlift system provides airlift capability as a training by-product. This by-product satisfies a large portion of the air transportation requirements of the Army, Navy, Air Force, Marine Corps, and other Government agencies by way of airlift services provided on a reimbursable basis by the Airlift Services Industrial Fund (ASIF).

Funding requirements are summarized in the following table:

	($ Millions)		
	FY 1985	FY 1986	FY 1987
Assigned Airlift Mission	$ 484,433	$ 415,049	$ 384,575
Mission Support	197,776	216,010	223,626
Special Ops and Combat Rescue	54,081	52,695	53,863
Combat Support	21,020	19,562	20,268
Telecom & Command Control	27,493	31,101	33,021
Base Operations	488,716	450,674	500,056
Total	$1,273,519	$1,185,091	$1,215,409

Funding changes between FY 1986 and FY 1987 include $28 million for price growth and $2 million in program changes. Program increases support: facility projects to reduce Military Airlift Command Backlog of Maintenance and Repair ($+23.9 million); commencement of contract ground training of C-5

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aircrews ($+8.3 million); replacement of telephone systems at three MAC bases ($+4.4 million); new Goose Bay agreement ($+4.2 million); modification of Aviation POL tank cars for use in Morocco ($+4.4 million); Air Base Survivability equipment ($+2.5 million); and modernization of aircraft at the 89th MAW ($+2.0 million). These increases are offset by the following decreases: completion of C-5A wing modifications reduces hours flown by unmodified aircraft ($-24.6 million); airlift flying hour adjustments for C-141s transferring to the Air Reserve Components (ARC), C-130 aircraft authorization decreases, and C-5 crew ratio decreases ($-19.6 million); training flying hours decrease as result of transfer of 8 C-130s to the ARC ($-5.0 million); and other training hour adjustments for anticipated student loads ($-3.6 million).

CENTRAL SUPPLY AND MAINTENANCE

Central Supply and Maintenance funds essential logistical support to operating forces world wide through the functions of distribution, materiel management, prime procurement, contract management, depot maintenance, and first and second destination transportation. In addition to the direct Air Force mission, similar logistical support is provided to the Air Force Reserve, the Air National Guard, other DOD and government agencies, and selected foreign governments. This program also provides limited support to commissary operations, the Utah Test and Training Range, Eastern Test Range, Western Test Range, the Aerospace Maintenance and Regeneration Center, printing and publications, telecommunications, and associated base operations. Funding requirements are summarized in the following table.

	($ Thousands)		
	FY 1985	FY 1986	FY 1987
Supply Depots	$ 331,443	$ 314,731	$ 321,594
Inventory Control	565,537	555,183	530,161
Procurement Operations	203,181	197,358	201,031
Depot Maintenance	3,119,841	3,283,016	3,187,629
Modernization	275,995	259,826	189,891
Industrial and Stock Fund Support	-562,336	-556,089	-450,957
Transportation	514,985	532,274	502,785
Miscellaneous Logistic Support Activities	310,920	234,295	239,624
Industrial Preparedness	12,756	10,437	11,497
Test Ranges	212,280	237,563	244,310
Commissary Operations	192,196	196,689	205,009
Command	103,076	90,895	91,889
Environmental Restoration	-	92,525	23,177
Telecom & Command Control	57,995	41,566	41,983
Base Operations	659,633	562,750	575,032
Total	$5,997,502	$6,053,019	$5,914,655

Adjustments to funding levels in FY 1987 include price growth of $132.1 million and negative program growth of $-270.4 million. The major program decrease in FY 1987 is a $-172.4 million reduction in Depot Maintenance and Modernization. Also, within the Depot Maintenance area, Interim Contractor Support funding increases by $50.0 million to support increased requirements for the B-1B and Peacekeeper. Another major program decrease is in Inventory Control Points activities

($-31.4 million) due to the completion in FY 1986 of a program to upgrade job guides and a reduction in contractual services. Finally, funds for the Environmental Restoration Program decrease by $73.0 million as DOD assumes budget responsible for environmental clean-up efforts ($-96.2 million) in FY 1987 while the Services assume responsibility for Hazardous Waste Disposal Operations ($+23.2 million).

TRAINING, MEDICAL & OTHER GENERAL PERSONNEL ACTIVITIES

This program provides training, medical care and other individual personnel activities of organizations. The O&M funds provide individual training for military and civilian members of the active Air Force, Air Force Reserve, Air National Guard, Air Force Academy and AF ROTC cadets. This program also includes recruiting activities, military personnel off-duty education programs, and civilian education and development programs. The medical portion provides essential medical capability to meet wartime and peacetime requirements; and provides health care for active duty and retired personnel and for other authorized recipients on a space available basis. The funding requirements are summarized in the following table.

	($ Thousands) FY 1985	FY 1986	FY 1987
Recruiting, Advertising and Examining	$ 49,198	$ 50,780	$ 52,761
Recruit & Specialized Training	162,857	172,602	180,053
Officer Acquisition	70,982	82,772	91,417
Flight Training	272,578	246,989	248,499
Professional Development Education	50,474	47,354	51,739
Education & Training - Health	28,636	30,701	33,524
Other Personnel Activities	115,616	136,835	151,733
Training Support Activities	62,197	65,339	68,971
Base Communications - Training	19,616	23,757	25,845
Base Operations - Training	501,723	535,754	554,585
Hospital Operations	730,359	819,601	861,313
Total	$2,064,236	$2,212,484	$2,320,440

The increase in Training and Other General Personnel Activities in FY 1987 consists of price changes of $+35.1 million and program changes of $+31.1 million. The program growth includes increases to civilian personnel reflecting the restoration of the FY 1986 Congressional non-programmatic TRIM decrease and associated work-year changes ($+18.9); data automation support ($+6.7); training of civilian personnel to improve acquisition and contracting procedures ($+3.3); Extension Course Institute Information System ($+1.9); and graduate education and increased enrollment for tuition assistance ($+3.5). These increases have been offset in part by a reduction in the funds spent for the leasing of information systems and other equipment ($-9.4) and repricing of the Education Assistance Test Program ($-3.9).

The increase in medical funding requirements in FY 1987 includes $+29.7 million in price growth, and program growth of $+12.0 million. The program growth includes utilization of Uniformed Service Treatment Facilities ($+4.3 million); Department of Defense Medical Review Board ($+3.7 million) for physical examination for entrance into the academies; and a civilian pay increase of $+5.6 million. These increases are offset by reductions in the cost of the AIDS testing program and one-time War Readiness Equipment procurement.

ADMINISTRATION AND ASSOCIATED ACTIVITIES

This program covers administrative support of departmental and major administrative headquarters, field commands and associated activities. This program also provides the Air Force and DoD agencies with essential photographic, video, and motion picture services. Resources are included for the Civil Air Patrol, Air Force Audit Agency, Air Force Service Information and News Center, Air Force Accounting and Finance Center, Aerospace Audiovisual Service, Air Force Inspection and Safety Center, Air Force Manpower and Personnel Center, Air Force District of Washington, Air Force Elements and Air Force Managment Engineering Agency. The following table summarizes the funding requirements:

	($ Thousands)		
	FY 1985	FY 1986	FY 1987
Departmental HQ's	$ 96,549	$105,364	$100,273
Service-Wide Support	367,811	313,722	331,607
Personnel Activities	48,024	50,806	50,546
Other Support Activities	13,182	28,293	29,212
Telecom & Command Control	6,557	12,049	12,050
Base Operations	23,750	70,815	65,542
Total	$557,873	$581,049	$589,230

The increases in funding requirements in FY 1987 include price growth ($+9.9 million), foreign currency ($+.3 million), civilian disability compensation payments ($+8.1 million), and productivity investment program funding ($+7.1 million). These increases are offset by reductions in base operating support and real property maintenance contract costs ($-8.4 million), and reductions in various Information System costs ($-7.4 million) due to reduced rental costs associated with the purchase of new equipment, and the consolidation of various Information Services contracts.

SUPPORT OF OTHER NATIONS

This program provides funding for support of Air Force personnel assigned to the North Atlantic Treaty Organization (NATO), Supreme Headquarters Allied Powers Europe (SHAPE), other joint military headquarters and agencies, the U.S. personnel assigned to the multinational NATO airborne early warning and control (AEW&C) activities, and management headquarters technology transfer functions. Funding requested is shown below:

	($ Thousands)		
	FY 1985	FY 1986	FY 1987
Support to Other Nations	$ 6,381	$ 5,930	$ 5,733

The decrease in FY 1987 is due to a reduction in costs for the NATO AWACS program. Although the Air Force remains responsible for funding direct support costs, e.g., aircrew TDY, for Air Force personnel assigned to the program, total Air Force O&M costs have decreased due to completion of the aircraft acquisition phase of the program.

CONCLUSION

This concludes my overview of the FY 1987 O&M, AF budget request. The FY 1987 O&M budget is a carefully developed, austere estimate of the resources needed to support a balanced program of aircraft, flying hours, missiles, manpower levels, space programs, and base structure. Your approval is essential to operate and maintain a modern, well-trained and combat-ready force.

Thank you for your interest and support.

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BRIGADIER GENERAL ROBERT F. SWARTS

Brigadier General Robert F. Swarts is deputy director of budget (operations) Office of the Comptroller, Headquarters U.S. Air Force, Washington, D.C. He is responsible for all aspects of the operation & maintenance budgeting process and is chairman of the Air Staff Operating Budget Review Committee.

General Swarts was born February 5, 1939, in Chickasha, Oklahoma. He graduated from high school at Carnegie, Oklahoma in 1957. He attended the University of Oklahoma and graduated in 1961 with a bachelor of science degree in business administration. He also holds a masters of science degree in logistics management from the Air Force Institute of Technology. He is a 1981 graduate of the Air War College located at Maxwell Air Force Base, Alabama.

He received his commission through the Officer Training School in December 1961. He reported to Amarillo Air Force Base, Texas in January 1962 to attend supply officer school and for duty as the redistribution and marketing officer. In April 1963, he was assigned to the 40th Tactical Group at Aviano Air Base, Italy, as the logistics plans officer. In December 1966, he was reassigned to the 7th Bomb Wing, Carswell Air Force Base, Texas, as the supplies management officer.

He attended AFIT at Wright-Patterson Air Force Base, Ohio, from July 1968 until August 1969 where he earned his masters degree. Following AFIT, he was assigned to United States Air Force Security units. These assignments included TUSLOG Detachment 3-1, Turkey from September 1969 to April 1970, and the Pacific Security Region, Hawaii from May 1970 to May 1974. In June 1974, he was assigned to Headquarters USAFSS, Kelly Air Force Base, Texas, where he worked in the logistics deputate and as the director of logistics plans.

In August 1976, he was assigned to Air Force Headquarters, special projects office, Office of The Deputy, Chief of Staff for Research and Development. He attended Air War College at Maxwell Air Force Base, Alabama, from August 1980 until May 1981. In June 1981, he was reassigned to Air Force Headquarters as the chief, budget integration office, Office of the Deputy Chief of Staff, Logistics and Engineering.

In August 1983, he was assigned to Headquarters, Air Force Logistics Command as Director of Budget, and later as Assistant Deputy Chief of Staff Comptroller. In August 1985, he returned to Air Force Headquarters, as Deputy Director of Logistics, Plans and Programs. He assumed his current position on 27 January 1986.

His military decorations include the Legion of Merit with one Oak Leaf Cluster, Meritorious Service Medal with two Oak Leaf Clusters, and the Air Force Commendation Medal with two Oak Leaf Clusters.

He assumed the rank of Brigadier General on 17 January 1986.

General Swarts is married to the former Mary Ellen Duckworth of Tulsa, Oklahoma. They have two children: Robert Jr. and Scott. His hometown is Oklahoma City, Oklahoma.

O&M REAL GROWTH

Mr. CHAPPELL. Let me start out by talking about O&M real growth.

The Air Force O&M budget grows by $1 billion, or 5 percent, from fiscal year 1986 to the fiscal year 1987 request of $21.2 billion. Excluding price changes, Air Force O&M experiences real growth of $628 million, or 3 percent, in fiscal year 1987. What concerns the committee is whether 3 percent growth is sufficient to fully fund the readiness items so crucial to the Air Force mission. Once the $380 million growth in space programs, which is not readiness related, is excluded it leaves only about $250 million in real growth to fund modernization of strategic programs such as B-1, Advanced Cruise Missle, Minuteman upgrades and numerous C^3 and radar programs.

On the tactical side, you experience growth in aircraft such as the F-16, KC-10, TR-1, and a growth of 174,000 flying hours.

Was the Air Force able in fiscal year 1987 to fully fund new or expanded programs as well as continue existing programs at fiscal year 1986 levels?

General SWARTS. Mr. Chairman, the O&M budget is based on a rebuild from ground up each year, and it considers the force structure that we have to support, the level of training, the flying hours, and level of activity that we need.

We believe the 3 percent budget real growth before the committee in this budget is properly financed. We do have shortfalls but predominantly they are not in the areas of support to the modernized forces.

We have shortfalls in the depot maintenance account and in some other areas of the budget, e.g. support of our families that are more, if you will, variable cost, not what we consider our fixed costs such as our flying hour programs.

Mr. CHAPPELL. What other programs?

General SWARTS. The big shortfall is in the depot maintenance account.

Mr. CHAPPELL. How was the decision made to allow your investment accounts to grow at close to 10 percent, while holding down O&M to 5 percent?

General SWARTS. Mr. Chairman, I don't recognize the 10 percent growth. The overall Air Force TOA is growing at less than half of 1 percent.

Mr. CHAPPELL. The investment account?

General SWARTS. The investment account, sir. I just don't track to a 10 percent real growth in the investment.

Mr. CHAPPELL. What are you tracking?

General SWARTS. Sir, the aircraft procurement account, for example, is a minus 20 percent real growth, RDT&E I believe is growing at about 21 percent, but I just cannot address that, sir.

Mr. CHAPPELL. Does that mean you are retiring certain aircraft?

General SWARTS. Yes, sir.

Mr. CHAPPELL. What are you retiring?

General SWARTS. It is not so much as retiring, as I said we try to build a balanced program to support our new force structure. We are reducing some F-4s, by moving them to the reserve components. We have reduced the flying hours in the F-4 training program on the tactical side of the house. We transferred KC-135 tankers to the back-up inventory as well.

All in an attempt to maintain a balanced level of military personnel in support of the modernized force while we add on the B-1s and the Peacekeepers and GLCMs, sir.

Mr. Chappell. Are you seeing the results of what many feared would happen as a result of the Administration's extensive modernization program, underfunding of readiness accounts at the expense of equipment?

General Swarts. We do not. We feel the 3 percent real growth is adequate to support the requirements of the Air Force in terms of new force structure, and our peacetime training requirements.

Mr. Chappell. Will the Air Force be able to handle future growth in equipment programs in the O&M accounts, or will we continue to see raids made on programs such as depot maintenance that you have been talking about or will we continue to see raids made on real property maintenance and things of that sort?

General Swarts. No, sir. We believe that the budget that we are developing now for next year is properly—is being developed—as a properly balanced approach. We in the Air Force strive very hard to do that each year.

Mr. Chappell. On the tactical side, you experience growth in aircraft such as the F-16, KC-10, TR-1 and a growth of 174,000 flying hours. What good will it do to buy all of this new, sophisticated equipment if we can't properly maintain it or store it?

[The answer follows:]

The 3 percent real growth stated in the FY87 President's Budget is sufficient to meet modernization and upgrade efforts. In real growth terms, our Space Program consumes just over 50 percent ($317 million) of the total Air Force O&M increase. The remaining $311 million provides for additional efforts above FY86 levels to support an increase of 28,000 flying hours and such new programs as B-1, Peacekeeper, Ground Launched Cruise Missile support, Minuteman upgrades and others

It should be noted that O&M is not derived as a predetermined percentage of the Air Force total, but is a price-out of approved force structure. Since FY80, Air Force Total Operating Authority has grown by an average of 8 percent while O&M has grown by an average of 4 percent over the same time period. Although this trend could lead one to believe O&M was being shortchanged we need to remember two things: 1) O&M support tails tend to lag procurement by 2 to 5 years and 2) many of the newly fielded weapon systems are in fact less expensive to operate and maintain—the latter being a result of Air Force reliability and maintainability efforts. Finally, while O&M real growth is only 3 percent, total real growth included in the Air Force request is less than 1 percent.

O&M IMPACTS OF GRAMM-RUDMAN-HOLLINGS

Mr. CHAPPELL. Let's talk about the impact of Gramm-Rudman-Hollings on real property maintenance. What kind of shortfall are you going to get there? It seems to me we had set some goals to bring real property maintenance down to a certain point. Same with depot maintenance. What were those goals and how close are you to them? What will this budget do to them?

General SWARTS. Mr. Chairman, if I may speak to the Backlog of Maintenance and Repair in the facilities side of the house first, the containment level that you addressed was for the Air Force some $300 million. We were striving to get to that.

We added in this budget additional funds driving our Backlog of Maintenance and Repair at the end of fiscal year 1987 to a projected $502 million.

There was a strong effort on our part to add dollars to the program, driving towards that $300 million containment level. I would have to add that as a result of implementing the Gramm-Rudman-Hollings sequestration actions we are not going to get towards that $502 million as rapidly.

We are still reducing our Backlog in Maintenance and Repair but not as fast.

Mr. CHAPPELL. How far are you going to get?

General SWARTS. I believe, sir, that that number is $674 million.

Mr. CHAPPELL. What was it last year?

Let's go to the O&M overview of fiscal year 1987. You projected a shortfall of $639.8 million before Gramm-Rudman-Hollings. Right?

General SWARTS. Yes, sir.

Mr. CHAPPELL. Now what you are saying is that with Gramm-Rudman-Hollings increasing it to $600 what?

General SWARTS. That number, sir, at——

Mr. CHAPPELL. Six hundred seventy?

General SWARTS. At the end of 1986 I believe that is what you refer to, we had projected approximately $640 million. As a result of Gramm-Rudman that goes to $811 million.

Mr. CHAPPELL. Eight hundred eleven million.

General SWARTS. Yes, sir. We projected to go from $640 million at the end of fiscal year 1986 in this budget to $502 million in fiscal year 1987. As a result of Gramm-Rudman we will go from $811 to a $674 million number. Still decreasing at a slower rate, sir.

Mr. CHAPPELL. You gave us figures on depot maintenance, right?

General SWARTS. Yes, sir.

Mr. CHAPPELL. I guess the real concern we are trying to get at is what good will it do if we buy all the equipment and we cannot properly maintain it or store it or take care of it.

General SWARTS. Mr. Chairman, we share that concern and worry tremendously in the development of our budget to ensure we don't develop and field a hollow force, and to keep from having that hollow force, we worry about the size and level of funding that we need in the Operations and Maintenance account to maintain our readiness improvements.

Mr. CHAPPELL. What was the total figure you took under Gramm-Rudman-Hollings in reduction?

General SWARTS. Sir, the O&M appropriations for the Active Air Force, took $965 million in reduction, about 4.94 percent precisely of the appropriated amounts.

Mr. CHAPPELL. Would you give the committee a rundown of the total dollar impacts and impact on major programs.

General SWARTS. Yes, sir.

[The information follows:]

[In millions of dollars]

	FY86 PB	FY86 Col		FY87 PB
		FY87 PB	Post G/R/H	
Major Force Program:				
Strategic	3,403	3,315	3,156	3,585
General Purpose	4,312	4,484	4,276	4,710
Intell & Comm	2,445	2,340	2,225	2,874
Airlift	1,171	1,185	1,127	1,215
Cen Supply & Maint	6,832	6,053	5,763	5,915
Tng, Med & Other	2,158	2,213	2,106	2,320
Admin & Assoc Activ	596	581	553	589
Supp of Other Nations	7	6	6	6
Total	20,924	20,177	19,212	21,214
Program Aggregation:				
Flying Hours	2,440	2,212	2,174	2,385
Real Prop. Maint (Contract)	543	746	554	838
Medical/Training	674	700	593	734
Civilian Pay	3,531	3,511	3,430	3,628
Depot Equip Maint	3,427	3,211	3,024	3,010
Contracts	6,008	6,039	5,876	6,864
Supplies/Equipment	1,970	1,703	1,506	1,834

Mr. CHAPPELL. How will the Gramm-Rudman-Hollings cuts affect the going-in position and year-end position for FY 1987 of items such as RPM backlog, depot maintenance backlog, civilian strengths (average and end)?

[The information follows:]

In two areas, the reductions experienced in FY86 will have a direct impact upon our FY87 requirements. Gramm-Rudman reduced RPM facility projects by contract by $192 million in FY86. This will increase our FY86 backlog of maintenance and repair from $640M to $801M. The proposed FY87 budget for RPM will still result in a BMAR reduction, however, the ending position will now be $674M vs. our original estimate of $502M. A similar situation occurs in depot maintenance. Gramm-Rudman resulted in a $187 million reduction. If not additionally financed in FY87, the backlog will grow. Civilian strengths (average and end) work a little different. Although Gramm Rudman reduced FY86 by $81 million, this was accomplished by selective rehire during the later part of the FY. FY87 strengths (average and end) could be increased over FY86 if sufficient funds are appropriated.

Mr. CHAPPELL. You touched maintenance, talk about impacts on flying hours and civilian personnel and so forth.

General SWARTS. Yes, sir. First, if I may explain briefly that in implementing Gramm-Rudman in the Air Force, we asked the field commanders who are the users of the O&M appropriation to play heavily in the application of that reduction.

We had a minimum amount of flexibility in that the reduction was laid in at the budget activity or major force program level, and we were then allowed to allocate within that.

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In that application by the field commanders, they elected to reduce flying hours approximately 1 percent across the Air Force. That resulted in about $38 million in savings. One way they did that was through reduction in sortie length. You can do that on a one-time basis and reduce your flying hours by reducing the sortie length without great impacts on near-term training requirements.

If you should continue that, you will eventually cause proficiency problems in your flying forces, sir.

In the area of medical and training, we took out $107 million. This bothered us tremendously because we had to reduce our training and TDY to school and the level of effort we have in continuation training of the forces in the Air Force.

Mr. CHAPPELL. You already are hurting in that area, aren't you?

General SWARTS. Yes, sir, but the way Gramm-Rudman-Hollings is laid in, you don't have any opportunity to take it and spread it to other areas, so we had to take 4.9 percent against that budget activity called training, which also includes medical, where we have a tremendous problem allocating that kind of a reduction.

We see backlogs increasing in the maintenance and repair of our hospital facilities, slowdown in the equipment replacement programs that we sorely need.

But that is the—that is the kind of reduction sir, we didn't have any opportunity to express otherwise.

Areas outside of that, sir, in civilian pay we reduced our program by $81 million. That is about a 2 percent reduction across the board. In places we will go to a selective rehire mode, that is a hire of one for each four vacancies, or hire two for each four, that type of rehiring endeavor to get us through the year.

If you recall, sir, we do not have end strength controls so we are dollar allocating our civilian pay requirement. It gives us more flexibility to use temporaries and on-calls and lower graded personnel to fill up some of these slots and still meet our Gramm-Rudman reductions.

We took about $199 million out of supplies and equipment. We kept our flying hour supplies level with the exception of the $38 million I mentioned for fuel and flying hour supplies, but in other supplies and equipment at the base level activities, we reduced nearly $200 million.

I talked about the $192 million on RPM, real property maintenance, $187 million on Depot Purchase Equipment Maintenance and we took down contracts about 3 percent, sir, $163 million.

The contract is one that is—the contract side is one that is difficult to assess the total impact in that we had to stop some contracts before we actually let them, we had to defer some efforts into 1987 and we will really see the impacts of those types of Gramm-Rudman reductions as we go through the 1987 year.

REDUCTION OF ENGINEERING SUPPORT CONTRACTS

Mr. CHAPPELL. What kind of contracts did you take out?

General SWARTS. For example, sir, we have engineering support contracts in support of our weapons systems. We call them sustaining engineering contracts. We had to reduce some of those. Just those that we are not able to do. We reduced the contract maintenance requirement for support of the Consolidated Space Operations Center upgrade by $20 million.

These are some of the examples where we felt we could take a deferral based on the capability that we have today.

Mr. CHAPPELL. Does pulling out some of the engineering contracts or the ones you have talked about, does that impact safety?

General SWARTS. No, sir. We would not—we have not gone into that. We are really looking into the future modifications of the aircraft and the weapons systems and deferring those contracts.

Mr. CHAPPELL. You covered I think everything except personnel. What about the going in and the end of the year aspects of the civilian end strength for 1986?

General SWARTS. Mr. Chairman, as I mentioned———

Mr. CHAPPELL. 1987, too.

General SWARTS. If I may try this way, we took $81 million out of the pay account for civilians.

Mr. CHAPPELL. Can you give us an average of what that does to personnel?

General SWARTS. About a 2 percent reduction, sir. What it has done to us, as I said, it has put us in a selective rehire mode.

Mr. CHAPPELL. But is that okay?

General SWARTS. That is the kind of impact we are experiencing across the Air Force today.

Mr. CHAPPELL. What will this do to your 1987 levels, it is kind of based on 1986, right?

General SWARTS. Yes, sir.

Mr. CHAPPELL. What will this do to 1987?

General SWARTS. Many of those items, sir, associated with Gramm-Rudman are foregone opportunities but many of them will, in fact, impact our 1987 program as we roll forward.

Backlogs in maintenance and repair of facilities are items of a contractual nature that we will need to do in 1987. As I mentioned we expect our backlog to grow. The same is true to a large degree in the Depot Purchase Equipment Maintenance accounts, so-called DPEM accounts. Although many of those will not go forward, many of them will.

DEPOT MAINTENANCE BACKLOG

Mr. CHAPPELL. You have identified an unfinanced requirement which may or may not develop into a depot maintenance backlog in 1987. Would you explain that?

General SWARTS. Yes, sir. I think it is easiest to explain why we have, over the past number of years seen our actual depot maintenance requirements go down as we executed them.

We have reductions in the 1985 and 1986 fiscal years below what we anticipated. These were results of our activities an reliability and maintainability of more modern weapons systems.

Mr. CHAPPELL. You went lower, actually lower.

General SWARTS. Yes, sir. When we started our development of our fiscal year 1987 budget, we recognized that and we reduced our 1987 budget request in excess of $600 million. We submitted it to OSD through the budget process, and we have a difference of opinion as to whether it is an adequate reduction or not.

We feel we have reduced it properly going into the fiscal year 1987 budget. The reviewers in the Office of Secretary of Defense believe that there is further reductions, some $198 million, that could occur as we execute the program.

Mr. **Chappell**. Let me go back to 1985. You projected requirements of $3.1 billion but you had actual requirements of $2.8 billion which meant you didn't have a financial backlog.

General **Swarts**. That is correct, sir.

Mr. **Chappell**. In 1986 you estimated requirements from $3.1 billion to $2.95 billion. Does that mean you will have a financial backlog?

General **Swarts**. No, sir, we will not in 1986.

Mr. **Chappell**. No.

General **Swarts**. Prior to Gramm-Rudman.

Mr. **Chappell**. So your average change in these two years is a decrease of over $200 million in estimated requirements, is that the basis for the $198 million unfinanced requirements you project for 1987?

General **Swarts**. Yes, sir. To some degree it is. As I mentioned we felt that we had already reduced our base going into the fiscal year 1987 budget request, reduced it low enough to take into account those reductions in requirements that we had experienced in the past two years.

But that is essentially the basis for OSD believing it will be lower in execution.

Mr. **Chappell**. Put in the record if you will the average cost per flying hour by type of aircraft for depot maintenance in FY 1987.

General **Swarts**. Yes, sir, we will answer that for the record.

[The information follows:]

The costs per flying hour by tpe of aircraft for depot maintenance for FY 1987 are below. These factors are based on flying hour related DPEM costs and prices, the variable costs associated with minor flying hour changes. Since all DPEM costs not included in these factors, they cannot be used to price the entire DPEM program.

	Amount
A-7D	$623
YA-7D	683
A-7K	574
YA-7K	683
A-10A	284
YA-10A	396
A-10B	284
YA-10B	396
A-37B	93
A-37B	67
A-37B observation	42
Advanced wpn dev	440
B-1	1,634
B-1B	1,639
NB/B-52D	1,231
B-52G	1,397
B-52H	1,411
FB/YFB-111A	1,562
C-5A	1,240
C-5B	993
C-5C	1,035
C-17A	519
C-18A	1,211
EC-18B	1,074
C-123K	154

	Amount
C-130A	379
AC-130A	551
DC-130A	379
C-130B	370
C-130D	379
C-130E	330
EC-130E	319
MC-130E	311
WC-130E	330
C-130H	263
AC-130H	492
DC-130H	254
EC-130H	254
HC-130H	268
C-130HL	254
MC-130H	262
NC-130H	292
WC-130H	268
HC-130N	234
HC-130P	260
C-131B	84
C-131D	84
C-131E	84
NC-131H	90
C/NC-135A	415
EC-135A	565
KC-135A	431
NKC-135A	465
NC-135A	431
C-135B	415
EC-135B	518
KC-135B	465
WC-135B	415
C-135C	415
C-135E	565
KC-135D	431
C-135E	415
EC-135E	518
KC-135E	355
KC-135E	474
C-135G	565
EC-135H	523
EC-135J	523
EC-135K	518
EC-135L	523
RC-135M	415
C-135N	518
EC-135N	452
EC-135P	523
KC-135Q	431
KC-135R	964
RC-135S	415
RC-135T	415
RC-135U	415
EC-135V	518
RC-135V	415
RC-135W	415
C-135X	474
EC-135Y	443
C-137B	518
C-137C	518
C-140A	154
C-140B replacement	154
C-141A	225
NC-141A	267
C-141B	225

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	Amount
YC-141B	227
Adv airlift	87
Close air support	522
C-SAM	139
C-SAMM	69
C-X (TAMA)	519
E-3A (AWACS)	568
E-4A (AABNCP)	2222
F-4C	836
RF-4C	836
F-4D	793
F-4E	705
YF-4E	514
F-4E (FMS)	514
F-4G	906
F-5A	177
F-5A (MAP)	177
F-5B	190
F-5B (MAP)	203
F-5E	190
F-5F	190
F-15A/B/C/D/E	1,192
YF-15A	965
F-15B	1,192
YF-15B	965
F-15C	1,192
F-15C (FGO)	965
F-15D	1,192
F-15D (FGO)	965
F-15E	1,192
F-16A	591
NF-16A	591
YF-16A	511
F-16B	591
YF-16B	511
F-16C	262
F-16D	262
F-16E	511
F-20A	360
F-101B	286
F-101F	173
F-104G	266
TF-104G	266
F-105D	514
F-105F	499
F-105G	505
F-106A	423
F-106B	456
F-111A	1,447
EF-111A	1,639
F-111D	1,769
F-111E	1,447
F-111F	2,047
Follow-on interceptor	1,877
RF-X	2,021
G-8A Glider	119
TH-1F	141
UH-1F	150
HH-1H	103
U(H)-1N	224
H001NV	88
U(H)-1P	168
CH-3E	373
HH-3E	339
HH-53B	772
CH-53C	641

	Amount
HH-53C	675
HH-53H	596
YH-53H	452
HH-60	242
UH-60A	155
H/HH-60D	155
HH-60X	343
HH-1P	74
H-X	343
LRCA	1,333
O-2A	44
O-2B	44
OV-10A	123
T-33A	143
NT-33A	111
T-37B	37
T-37B (GAF)	39
T-38A	78
T-38A (GAF)	100
T-38B	100
AT-38B	78
T-39A	105
CT-39A	70
NT-39A	89
T-39B	127
T-41A	54
T-46A	11
Next generation trainer	35
Tanker transport bomber	30
CTA	212
UV-18	66
OV-10A	172
OV-10A	141

VANDENBERG SHUTTLE OPERATIONS

Mr. McDADE. Let's talk a little about the space program. What are your plans insofar as Shuttle operations at Vandenberg are concerned?

General SWARTS. Sorry, Mr. McDade—Vandenberg?

Mr. McDADE. Your plans, yes.

General SWARTS. At the present time, sir, our plans for Vandenberg are as we had stated them before, to launch our first mission in the middle of next year. The Challenger incident, while a great impact on our capability, does not decrease our need to launch out of Vandenberg and we have plans going forward to launch mid-1987, sir.

Mr. McDADE. I am glad to hear that. I ask that question because there has been conversation that has come to the committee that some quarters are arguing that Vandenberg can no longer be used as a site in the wake of the Shuttle loss. You probably heard that yourself.

General SWARTS. Yes, sir.

Mr. McDADE. But I assume what you have told me is exactly what Air Force policy is, isn't that right?

General SWARTS. Absolutely, sir.

Mr. McDADE. Thank you very much.

Thank you, Mr. Chairman.

Mr. CHAPPELL. Mr. Miller.

PRICE OF FUEL

Mr. Miller. Thank you, Mr. Chairman.

General, I am wondering about the price of fuel. I have not heard yet about any change from you. Fuel prices have dropped to almost half of what they were and the Air Force consumes a lot of fuel. Could you tell us what volume of fuel you use in gallons or barrels or whatever figure you want to provide.

General Swarts. Sir, I can probably give you a better answer in dollars. I will get you an answer precisely in gallons. About $2.1 billion in fiscal year 1987.

We will get that in gallons.

[The information follows:]

For FY 1987 Air Force fuel use by appropriation is:

[In millions]

	Dollars	Gallons
O&M, AF	2,124	2,831
O&M, ANG	358	488
O&M, AFR	136	185
All other	766	1,035
Total	3,384	4,539

Mr. Miller. How does it compare to fiscal year 1986 and 1985 in view of the price decrease that took place over the last several months?

Do you have fewer dollars in the 1987 budget for fuel than you did in 1986 and 1985?

General Swarts. Yes, sir. We have reduced—if I may, Mr. Miller, talk about how we pay for fuel in the Air Force. We purchase fuel from the Defense Logistics Agency. They operate and maintain a stock fund where we then buy and pay at a stabilized rate to them.

Our IP-4 price for the Air Force in fiscal year 1987 is some 73 cents a gallon down from 79 a year ago. So you do see a lowered price at the stabilized rate in our fiscal 1987 budget, sir.

Mr. Miller. Maybe there are other people that we need to talk to instead of you, if there is only a six cents per gallon drop in the price of jet fuel, you know——

General Swarts. I would suggest that you would need to talk to the folks in DLA because we build our budget on the stabilized price and pay that price. We then receive, if there is a lower price that they experience throughout the year, a refund in the following year in the development of our budget, sir.

FLYING UNNECESSRY B-52 FLYING HOURS

Mr. Miller. Very good.

About the B-52s. We understand that it is SAC policy to fly all the B-52 flying hours allotted to its units, regardless of the fact that crews have already met their training requirements.

First of all, is that true?

General **Swarts**. Sir, it would be very difficult without knowing precisely a particular unit. Let me just state in general terms, if you look at the current budget for fiscal year 1987, our requirements for B-52 flying hours is 9,200 flying hours short of the SAC-stated requirement to accomplish their training missions.

So even if we flew all of the flying hours that we would have requested for fiscal year 1987, we would not accomplish all of Strategic Air Command's stated requirements.

Mr. **Miller**. We have some information that indicated in some commands the crew would go beyond their required flying hours, and therefore use additional fuel and naturally cost more in maintenance, and that was the purpose of the question.

We had some information come to us that just to use up the flying hours, even though the required hours were already there, they would continue to fly more.

General **Swarts**. Sir, without knowing the precise unit that we were talking about, I just could not answer. I would be happy to look at it and try to give you an answer.

Mr. **Miller**. I would appreciate it if you would look into that, and we will have some additional questions which you may answer for the record.

General **Swarts**. We will be happy to.

Mr. **Miller**. Thank you, Mr. Chairman.

[The information follows:]

It is not SAC policy to fly additional hours when training is completed. Rarely do B-52 crews complete all their required continuation training. Currently the allotted flying hours will not support full completion rates due to the stated requirements not being fully funded. In addition, scheduling problems encountered because of equipment malfunctions, adverse weather and support aircraft problems often require rescheduling some events as often as two to three times.

[**Clerk's note**.—Questions submitted by Mr. Miller and the answers thereto follow:]

Question. We also understand that an individual B-52 crew's training requirements are reduced for absences of more than 15 days, which should reduce flying hours; however the aforementioned SAC policy allows other crews to absorb these hours. The result is that these other crews will fly more hours than required for training purposes. What utility do B-52 pilots receive from flying sorties above the level required for SAC's own training requirements?

Answer. Flying sorties above the level required is not SAC policy. SAC B-52 crews do not receive flying sorties above the level required for SAC's own training requirements. The current SAC B-52 program calls for an average of 3.0 sorties per crew per month. The actual SAC B-52 average 2.75 sorties per crew per month. Individual crew member requirements are in fact reduced for non-flying related absences in excess of 15 days, however that specific individual's crew still requires the training. The individual is substituted from staff or spare crew member assets.

Question. The Committee has been critical of the Department in the past for wasteful year end spending practices. Why is this instance, where commanders order crews to fly sorties in excess of training requirements just to use up flying hours, any different?

Answer. We do not fly sorties in excess of training requirements. Allocated hours have traditionally fallen short of what the Air Force requires to meet training goals. Therefore, flying 100% of our authorized hours does not constitute an excess, but a shortfall. We do tend to fly more at the end of the fiscal year, primarily because we have the best flying weather during this period.

Question. We have received reports that half the crews in one B-52 wing flew 32 more sorties than required to meet training requirements, at a cost of approximately $2 million. How much would the cost have been if half of all the B-52 crews flew 32 sorties more than required?

Answer. The stated 32 sorties were not in addition to the total training requirement but were of a specific type which is generally very difficult to accomplish. In actuality the unit did not complete its total SAC-directed training requirements. In answer to the question, if half the units were able to fly 32 more sorties the cost would be approximately $20 million. The Air Force has not requested hours or funding to support additional sorties above SAC training requirements. Also, our calculations show that 32 B-52 sorties would cost approximately $1.4 million not the $2 million as stated in the question.

[CLERK'S NOTE.—End of questions submitted by Mr. Miller.]

USE OF SIMULATORS

Mr. CHAPPELL. On your B-52 flying hours, you have had some difficulty retaining proficiency when you tried to take care of all of your training on your simulators, haven't you?

General SWARTS. Yes, sir, in past years we have had difficulty in trying to do all proficiency training on the simulators.

Mr. CHAPPELL. Is that because of the fact that you cannot possibly get proficiency from simulators?

General SWARTS. I am not a crew member. However I could say that through the use of the simulator you can do many of the training events, but you cannot take off or land or bomb with it.

Mr. CHAPPELL. The primary mission of simulator is to give you procedures?

General SWARTS. Yes, that is the predominant use of the simulators and to be used in severe hazardous training to develop crew proficiency.

Mr. CHAPPELL. Do you have enough money in here to properly train these people?

General SWARTS. Yes, sir, we are short some money in the B-52 to meet the total SAC-stated requirement. We are short 9,500 flying hours, but the budget as developed does meet their level of proficiency requirements using both the simulators and actually flying the weapon systems.

GROWTH IN TACTICAL FLYING HOURS

Mr. CHAPPELL. Have you had a growth in tactical flying hours?

General SWARTS. Yes, sir, we have. This year, between 1986 and 1987, we are going to grow the tactical flying hour program some 21,000 flying hours. We have a growth in not only new weapon systems, we have some 90 F-16s that will be going into the inventory in fiscal year 1987, some additional KC-10 aircraft and TR-1 aircraft. We are also phasing out and transferring to the Air Reserve components F-4s and reducing the training, so the net growth is 21,000.

Mr. **Chappell.** Cover the questions on this subject more completely.

[Clerk's note.—Questions submitted by Mr. Chappell and the answers thereto follow:]

Question. What has been the total growth in tactical flying hours from FY 1980 to 1987? How much of the growth is tied to increases in aircraft inventory? How much has been tied to increases in average flying time per pilot per month and how much has that average flying time grown?

Answer. The growth in tactical flying hours from FY 1980 to 1987 is 198,247 hours.

From FY 1980 to 1987 the Tactical Air Force (TAF) increased its Primary Aircraft Inventory (PAI) by 153 aircraft. This increase is a result of a TAF force growth and modernization. These weapon systems in the 1987 force structure fly at higher utilization (ute) rates than those of the 1980 force. It's therefore difficult to separate the growth of flying hours that would be attributable to inventory growth versus an increase in minute rate or average flying time per pilot per month.

The average Hours/Pilot/Month (HPM) for the five combat coded fighters (F-4, F-15, F-16, F-111 and A-10) have increased from 15.6 to 19.4.

Question. How much has been tied to increases in the number of crews per aircraft and what has been the change in crew ratios?

Answer. The A-10 and F-16 are the only combat coded fighters that have changed crew ratios since FY 80. In FY 85, the A-10 crew ratio increased from 1.34 to 1.42. The F-16 crew ratio began at 1.25 in FY 80 and changed in FY 82 and FY 85 to 1.31 and 1.34 respectively. Applying these crew ratio increases to the FY 87 program would equate to an increase of 24 pilots and 6,500 hours for the A-10 and 53 pilots and 12,300 hours for the F-16.

Question. For the record, please provide by aircraft type for FY 1980, 1986 and 1987 the following information concerning tactical forces: Primary Aircraft Authorization, crew ratio, average hours/crew/month, flying hours and the flying hour cost by appropriation.

Answer.

[Dollars in thousands]

	PAA	Crew ratio	H/C/M	Hours	Cost [1]
F-4					
FY 80	744	1.25	14.3	193,806	$458,265
FY 86	256	1.25	15.8	77,568	182,196
FY 87	204	1.25	16.9	71,616	185,259
F-111					
FY 80	252	1.10	15.5	63,499	198,518
FY 86	198	1.10	18.1	55,102	168,120
FY 87	190	1.10	18.2	54,871	176,967
F-15					
FY 80	348	1.25	15.4	81,630	253,979
FY 86	426	1.25	19.0	135,415	339,402
FY 87	426	1.25	19.3	138,578	373,197

[Dollars in thousands]

	PAA	Crew ratio	H/C/M	Hours	Cost [1]
A-10					
FY 80	180	1.34	22.8	61,511	72,920
FY 86	300	1.42	22.5	129,399	138,055
FY 87	300	1.42	22.7	130,583	138,248
F-16					
FY 80	66	1.25	14.8	7,669	14,127
FY 86	504	1.34	18.6	165,662	230,204
FY 87	594	1.34	19.2	188,701	258,617

[1] Includes AVPOL, general support, system support and depot maintenance 2 (DM2) costs.

[CLERK'S NOTE.—End of questions submitted by Mr. Chappell.]

Mr. CHAPPELL. Does the 21,000 flying hour growth relate to the increase in aircraft inventory?

General SWARTS. Some to that and we are growing our hours per crew per month in the fiscal year 1987 request from 19 to 19.4 hours per aircraft crew member per month. We feel that that is about right as we have developed the budget. We had a goal a couple-three years ago of about 20 hours per crew per month. Looking at all the readiness indicators, our training capability, our safety record, we think that we are approaching at the 19.5 hour level about where we should be in the Air Force.

Mr. CHAPPELL. What about your TAF flying hours?

General SWARTS. That is the total TAF, including USAFE, PACAF, as well as TAC.

Mr. CHAPPELL. You are going to have a problem keeping that proficiency up, aren't you?

General SWARTS. We hope not, sir.

Mr. CHAPPELL. You think you can do it?

General SWARTS. We think we can; keeping that in that 19 to 19.5 range is very important to the Air Force. We believe we will have to take the economies in other areas if the fiscal reductions are such that we have to reduce our dollars.

Mr. CHAPPELL. Mr. Livingston has some questions he would like you to answer for the record.

OIL EXPLORATION

[CLERK'S NOTE.—Questions submitted by Mr. Livingston and the answers thereto follow:]

Question. Last year, this committee directed the Defense Department, including the Air Force, to cooperate with private industry and their oil and gas development efforts in the Eastern Gulf of Mexico. The Air Force has increased its efforts to cooperate and should be commended for doing so. Does the Air Force intend to continue its efforts to allow concurrent exploratory drilling in more than one "drilling window?" Explain for the record the actions taken by the Air Force to date in this area as well as future plans for the remainder of the fiscal year.

Answer. Prior to Lease Sale 94 on December 18, 1985, a meeting with Air Force and DOI at the Assistant Secretary level was held to discuss flexibility of Air Force operations to allow oil and gas exploration in the Eastern Gulf of Mexico. Air Force was committed to making every possible operational adjustment to maximize the lease areas which could be opened to exploration. This commitment was dependent upon the results of Lease Sale 94. An additional 61 blocks were leased within the Air Force Gulf Test Range.

On January 16, 1986, Assistant Secretaries reviewed the existing and new leases. Agreement was reached on which drilling areas would be available next to lessees. Drilling operations will now be permitted to implement approved Plans of Exploration (POE) in a variety of multi "drilling windows."

Minerals Management Service (MMS) Gulf of Mexico Regional Office, has, by letter of January 24, 1986, advised all oil industry lessees of the expanded areas where drilling could be accommodated. Approved Applications for Permit to Drill (APD) will be conditioned upon actual drilling operations commencing prior to August 1, 1986.

Since the January 24, 1986 letter to lessees, twelve POEs from three oil companies have been submitted for approval to the Armament Division at Eglin Air Force Base, Florida. All twelve POEs were approved by the Air Force.

It is anticipated that these approved exploratory activities in the expanded "drilling window" will be completed by December 31, 1986. Oil industry lessees will then be notified of additional time-phased site-specific accommodations. The Air Force operators of the Gulf Test Range are continuing to work closely with the MMS Regional Office to review POEs on a case-by-case basis for compatability with the national defense mission.

Question. Are alternatives to the "Drilling Window" concept for exploration being considered and discussed with private industry? If not, why?

Answer. Yes, several informal meetings have taken place between industry representatives and Air Force to discuss Gulf operations and potential resolutions to mutual problems.

Oil industry representatives did not seem overly concerned about the requirements for joint use, providing advanced planning of areas to be explored could be accomplished.

A January 24, 1986, Minerals Management Service Gulf of Mexico Regional Director letter, to all industry lessees of Eastern Gulf of Mexico OCS, provided a time schedule for exploration within the expanded "drilling window."

Question. What plans have been formulated or discussed with private industry to implement oil and gas develoment in the event that exploratory drilling results in discoveries that are commercially viable?

Answer. Some exploration of the Eastern Gulf of Mexico has been accommodated along with the Air Force Gulf Test Range mission since the first lease sale in 1959. Sales took place in 1973, 1976, 1978, 1982, 1983, 1984, and 1985. To date no discoveries that are commercially viable have been disclosed. The Air Force will formulate and discuss production plans with the Department of the Interior and industry lessees should a discovery be made. In view of the five to ten-year lead time from discovery to production, development plans can be evaluated in a timely manner with respect to national security versus domestic oil priorities.

Question. Does the Air Force plan to cooperate with private industry beyond the exploratory stage to minimize restrictions on possible future development of any discoveries in the Eastern Gulf of Mexico?

Answer. The Air Force understands and appreciates the importance of domestic energy development to our nation. We are dedicated to finding better ways to allow both energy development and national defense interests such as exist in the Eastern Gulf to proceed on a mutually acceptable basis. Essential defense activities in the Eastern Gulf of Mexico are extensive and, unfortunately, alternative sites are not available. Nevertheless, the Air Force believes that the current DOI lease proposal plans offer potential for satisfactory exploration for oil and gas.

The Air Force will evaluate production plans with DOI and industry lessees should a discovery be made.

[CLERK'S NOTE.—End of questions submitted by Mr. Livingston.]

Mr. CHAPPELL. Are there any other questions? We will put the remainder of the questions in the record at this point.

[CLERK'S NOTE.—Questions submitted for the record and the answers thereto follow:]

KC-135 FLYING HOURS

Question. In fiscal year 1986, the Congress reduced the KC-135 flying hour program by approximately 9,000 hours as a result of a DOD IG report critical of SAC's requirements determination process. What impact did this flying hour reduction have on SAC's ability to perform its mission? Provide specific examples of refueling mission/requirements that SAC was unable to perform.

Answer. As a result of the Congressional reduction of 9,000 hours to the KC-135 flying hour program, SAC has been forced to reduce air refueling support to all users. In fiscal year 1986 SAC will be able to meet only 79% of user air refueling requirements. This reduction in user air refueling support impacts on all users' capability to do their mission. For example, the reduction in air refueling support to NORAD has impacted NORAD's capability to train their intercept crews due to a reduction in SAC exercise support to NORAD. As a result of this 9,000 hour reduction, the training proficiency of KC-135 crews is being reduced to emergency combat levels. If the KC-135 flying hour program is maintained at the 1986 level, C ratings will be impacted.

Question. Has SAC changed its requirements determination process in light of the DOD IG report? If so, how?

Answer. Yes, SAC has changed its requirements determination as a result of the DOD IG report. In the recent past SAC calculated KC-135 flying hour requirements based on user air refueling requirements. SAC now uses crew training requirements as the basis. Basically, the calculations start with training events x times to accomplish the event x number of crews + overhead activity. Overhead includes Combat Crew Training School, Central Flight Instructor Course, staff proficiency, prepositioning for deployments, etc.

Question. What has SAC estimated as its KC-135 flying hour requirement in FY 1987 and what is budgeted?

Answer. The Strategic Air Command's most recent KC-135 flying hour requirement estimate for FY 1987 is 183,010 hours. The FY 1987 President's Budget submission funded 156,601 hours.

It should be noted that SAC's requirement estimate was calculated using KC-135 crew training as the basis versus the old method of using user aerial refueling requirements. Basically, the calculations start with required training events converted into the sorties and flying time required to accomplish the training, times the number of crews. Overhead hours for items such as Combat Crew Training School, Central Flight Instructor Course, staff proficiency, prepositioning for deployments, etc., are added to the crew training calculations to determine the total requirements.

Question. What change in refueling requirements has caused SAC to request almost 5,000 more KC-135 hours than they flew in FY 1985, with fewer aircraft?

Answer. Refueling requirements did not drive the request for additional KC-135 flying hours in FY 87. The change was driven primarily by KC-135 aircrew training requirements. The Air Force is attempting to align the KC-135 flying hour program to stated crew training requirements. The Air Force increased the FY 1986 program to provide additional support to an increased number of aerial refueling users and additional training for KC-135 crew members. Congressional actions subsequently reduced the FY 1986 program by 8,939 hours to 148,226 hours. The original FY 87 program request was reduced by 4,127 hours to reflect the 15 aircraft and 18 crew reduction and then increased by 12,502 hours to provide for needed aircrew training requirements. The FY 87 request of 156,601 hours reflects only 86% of SAC's total KC-135 flying hour requirement based on total aircrew training requirements (see H-919).

Question. What would be the impact if you were held to FY 1985 levels of flying hours?

Answer. With the exception of flying hour increases due to force structure growth, we are basically holding at FY 1985 levels of flying hours. The impact of holding at this level on the Air Force will be a delay in reaching our combat capability goals, particularly within our tactical forces. In some cases, we may even be taking a step backward. It should also be noted that allocated flying hours have historically been insufficient to meet Air Force training requirements.

Question. Average KC-135 flying hours increase from 312 in FY 1985 to 330 in FY 1986, supposedly due to a reduction in the number of aircraft? What impact does the number of aircraft have on air crew training requirements? Aren't flying hour requirements based on the number of crews to be trained and if the number of aircraft are reduced, doesn't that reduce your crew requirements? What would be the impact if the KC-135 program was held to the FY 1985 average flying hours per APAI? What would be the savings?

Answer. Average KC-135 flying hours did increase from 312 in FY 1985 to 330 in FY 1987. The number of aircraft does impact crew training requirements. The number of crews decreased from 596 in FY 86 to 580 in FY 87 with a decrease in training requirements. However, KC-135 requirements are not funded at 100 percent. The funded program increases the number of hours per aircraft but still does not reach 100 percent of requirements; 312 hours per aircraft would impact crew training by a reduction of 1.5

hours per crew per month. This would lower training level from 87 percent to 80 percent of the requirement.

B-52 FLYING HOURS VS. SIMULATORS

Question. In 1975 SAC conducted a limited test to determine if B-52 crews could maintain combat readiness with a reduction in flying hours and an increase in simulator time. The proficiency of the test crews dropped after flying hours were reduced by 30 percent. Consequently, SAC discontinued the test. SAC did not study the effect on proficiency of smaller flying hour reductions, such as 10 or 20 percent.

SAC did not consider the 30 percent reduction to be viable at that time because of simulator limitations and the relatively low experience levels of the crews. However, in the past 2 years SAC has received new, more capable, B-52 simulators. Also, crews are flying more hours today than they were in 1975 and I believe you would agree they are more experienced. Are the B-52 simulators in use today more sophisticated and realistic than those used in 1975?

Answer. Yes, the B-52 simulators in use today are more sophisticated and are capable of providing more realistic training than those used in 1975. The B-52 Weapon Systems Trainer (WST) can provide training to all six B-52 crewmembers at the same time, either in an integrated or an isolated mode. For the first time, a B-52 crew can rehearse its actual wartime mission in a nearly real environment. Additionally, critical emergency procedures can be practiced and reinforced in the WST. When coupled with a strong flying training program, simulators add to training quality and effectiveness.

Question. Due to the presence of these new/improved simulators has SAC performed any additional analysis concerning possible substitution of simulator hours for flying hours.

Answer. No additional analysis has been completed. Our studies have focused on what improvements to our B-52 crew performance the WSTs could provide within our flying training program. SAC is currently revising its entire B-52 training program with the intent of using the WSTs to improve mission capabilities wherever possible.

Question. The Military Airlift Command has reduced C-141/C-5 flying hours as a result of increased usage of simulators. Why is this not possible with B-52's?

Answer. It is not possible to further reduce B-52 flying hours and substitute for them with simulator hours. SAC flying hours were cut as a result of planned B-52 Weapon System Training (WST) acquisition. That acquisition, however, does not put a WST at all B-52 units. The present B-52 flying hour program coupled with WST training requirements is sufficient to maintain SAC's primary nuclear capability but insufficient to train aircrews in all currently tasked nuclear and conventional roles. MAC's flying hour reduction was based on being able to train only certain air refueling tasks in the Air Refueling Part Task Trainer. Every hour in the simulator enhances the quality of training the crews receive in the air. The simulator is a valuable tool for rehearsing, reinforcing and preparing, but it is not a substitute for actual flying.

Question. What would the savings be in FY 1987 if additional simulator hours were substituted for flying hours for 10 percent and 20 percent of the requirement?

Answer. The Air Force (AF) has currently integrated the use of B-52 WSTs into the crew training program and considers the WST a complement, not a substitute for flying hours. Because of budget cuts, we bought only 9 WSTs instead of the 17 originally planned. The reduced number severely limits the original scope of utilization. In addition, the funded B-52 flying hour program is below the required level. Therefore, the AF strongly opposes any decrease in B-52 flying hours.

B-52 TRAINING HOURS

Question. The Strategic Air Command (SAC) continuation training proficiency for B-52 crews requires integrated crew training substitution of crew members. SAC requires select (the best) senior, and ready crews to perform 5, 6, and 7 ICTS respectively, on a rolling 3-month basis to meet the C-1 readiness requirement which is the highest level of readiness attainable under the DoD Unit Status and Identity Report (UNITREP). SAC further requires these crews to fly an additional three sortie (not necessarily ICTS), bringing the total quarterly requirement for each of the respective crews to 8, 9, and 10 sorties.

In fiscal year 1985, SAC was allocated about 104,000 flying hours to train its B-52 crews. Of this amount an estimated 20,000 hours to 25,000 hours, costing about $200 million were flown beyond the level needed to achieve a C-1 rating. SAC officials acknowledge that crews are flying more hours than needed to be C-1, but take the position that the extra hours are needed to maintain SAC's imposed higher level of proficiency for peacetime safety. Does SAC consider the level of flying necessary to meet the C-1 requirement to be too low? On what does SAC base its conclusion that the level is not sufficient to enable crews to achieve an adequate level of proficiency for peacetime safety?

Answer. Strategic Air Command (SAC) does not consider the level of flying necessary to meet C-1 requirements to be too low. In the past, the SAC measure of C-status was based only on the integral crew training sorties (minimum required crew activity for wartime qualification) and not on accomplishment of the remaining minimum training requirements for all individual crewmembers. To correct this deficiency, SAC has revised its training program to take all training requirements into account when measuring C-status. When all training requirements are not met, individuals/aircrews become non-mission ready and lose C-1 status. The 20,000 to 25,000 flying hours for the B-52 cost approximately $81M to $100M in FY85, not the $200M as stated in the question.

Question. When flying beyond the readiness level, what capability is gained that cannot be accomplished within the flying hours prescribed for combat readiness?

Answer. We train above the level required to report UNITREP C-1 in order to reduce attrition, increase pilot proficiency, introduce some special capabilities, and gain proficiency in the full range of unit taskings. We believe there may be a perceived difference between UNITREP reporting and what the Air Force considers fully combat ready. Within our tactical forces for example, a UNITREP rating of C-1 corresponds to a Graduated Combat Capability (GCC) level of A, which indicates a pilot is capable of performing the unit's primary tasking. However, many units have secondary and tertiary taskings as well as additional special capabilities. At present, we are working hard to eliminate the apparent disconnect between UNITREP rating C-1, full combat readiness (in primary tasking), and the Air Force goal of full combat capability (in all taskings).

B-52 AIR REFUELING

Question. Air refueling is one of five core events prescribed by SAC to meet its crew readiness criteria. Training officials plan for a refueling during each B-52 sortie. This results in exceeding the requirements for 24 air refuelings a year. In addition, SAC's usual practice is to have only one pilot practice refueling on an individual sortie. The Military Airlift Command's usual practice is to require three or more pilots to practice refueling on a single sortie. The Committee is concerned that this practice is needlessly increasing KC-135 flying hour requirements. In view of the high cost to operate both KC-135 and B-52 aircraft, why do B-52 crews perform more refuelings than required to meet their training needs?

Answer. Command Directed Events are defined as "the minimum for the most capable and experienced individuals". That is the basis for the requirement for 24 air refuelings per year. Most crew members will require more than the 24 to maintain proficiency. Also, not every mission is scheduled for an air refueling. It should be noted that 24 air refuelings per year is 6 per quarter. The current sortie requirement is 9 per quarter, well in excess of the refueling CDE requirement. Additionally, crew capacity for the B-52 is 9 crew members. Generally, one is instructing in the navigator's compartment and one is instructing in the defense compartment, and therefore the capacity for additional pilots is limited. Given the remaining activity accomplished on a sortie, use of more than one pilot is not practical.

Question. Can SAC measure the benefits derived from additional refueling training?

Answer. Currently SAC pilots are not accomplishing additional air refueling training unless they have demonstrated a need for additional activity. The benefits derived from such training are increased proficiency in the air refueling task; that is, improved ability to refuel in degraded weather conditions, increased continuous contact times, and improved ability to adapt to changing inflight conditions.

Question. What controls does SAC have to assure that additional refuelings are provided only to those pilots that require additional practice to attain proficiency? What controls does SAC have to assure that units do not exceed air refueling training requirements?

Answer. The single most effective control is the allocation of actual air refuelings by SAC to its Numbered Air Forces and then to the individual units. Each unit then generates a weekly training accomplishment report which tracks the number of air refuelings accomplished as well as any individuals whose proficiency dictates a need for additional practice. These requirements are then matched against available allocations to insure the proper individuals receive the needed training. A recent HQ SAC survey indicated that current allocations are barely sufficient to cover the minimum requirements and leave little room for additional training.

Question. Why are refuelings planned for each crew sortie whether or not the pilot needs it to retain proficiency? Is this practice cost effective? If so, how?

Answer. Refueling training is not planned or accomplished on every sortie. It is a core event item for the Integral Crew Training Sortie (ICTS) that is required six times each three month period. Refueling sortie attrition is accounted for in the planning process in order to insure that minimum individual requirements are met.

Question. Could SAC provide refueling training to its pilots similar to MAC by having more than one pilot practice air refueling on a single sortie? Wouldn't this be a lower cost option for pilots who require additional refueling training?

Answer. Air refueling is critical for B-52s. The capability to air refuel relates directly to the number of bombs on the target. Most B-52 sorties cannot reach their EWO targets unrefueled and do not have the option of returning or landing short. Mission success depends on air refueling success.

SAC trains utilizing a crew concept. Due to crew ratios, placing extra pilots on one sortie would take them out of cycle for training with their crews. The additional pilots would have to ride as passengers for extended periods of time with no training opportunity. When crew availability exists, additional pilots do fly for additional training.

A normal refueling track allows approximately 30 minutes of actual refueling practice contact time. Since actual EWO onloads are large and require extended time on the boom, it is difficult to get two or more pilots in and out of an ejection seat (strapping into a parachute) and still get maximum contact time.

Although copilots do not have to log actual air refueling activity, they do have to be able to take control of the aircraft and perform a "break away" maneuver should the need arise (pilot vertigo, emergency, etc.). Also, the copilot gets some air refueling training as lead-in training to ease their move to the pilot's seat.

The B-52 is not an easy aircraft to refuel. Due to its large size and unique flight control system (spoilers vs. ailerons) pilots require a high degree of skill.

The air refueling event is not solely contact time. It involves communication procedures, rendezvous procedures, and post air refueling procedures.

Given SAC's current crew training concepts, limited space for additional B-52 crew members, and unique B-52 refueling conditions, it is neither feasible nor desirable for SAC to follow the MAC example.

Question. How does SAC coordinate refueling training for B-52 crews with the training requirements of KC-135 crews? Could the flying hour program for KC-135 aircraft and crews be reduced if refueling by B-52 crews were reduced?

Answer. In the past the KC-135 flying hour program was based on user requirements. So, once the user hand submitted their air refueling requirement SAC coordinated the percent of KC-135 training requirements that could be completed while meeting user refueling requirements. However, recently HQ SAC changed how the KC-135 flying hour program is computed. HQ SAC now uses crew training requirements as the basis for the KC-135 flying hour requirement. With this new method of computing KC-135 flying hours, and at the current funding level, a reduction in B-52 refueling requirements would not change KC-135 flying hours.

KC-135 DEPLOYMENTS

Question. SAC is responsible for providing air refueling support to other Air Force commands and various allies through operation and control of its 485 KC-135 aerial tankers. In providing air refueling support, SAC temporarily deploys about 20 aircraft to England, 10 aircraft to Alaska, and 6 aircraft to Guam on a continuing basis. Indications are that the KC-135s are deployed without cargo or passengers even though each aircraft can carry 50 passengers or about 50,000 pounds of cargo. SAC does not coordinate possible movement of cargo with the Military Airlift Command (MAC). Why doesn't SAC coordinate with MAC on KC-135 deployments to utilize available cargo/passenger space? Considering the amount of money spent annually on commercial cargo/passenger services, wouldn't the availability of 1,800,000 pounds of cargo space being deployed approximately 10 times a year be a big cost saver? How much would MAC save in commercial airlift costs if the unused KC-135 space was filled on each trip?

Answer. SAC routinely attempts to satisfy receiver deployment requirements concurrently with Tanker Task Force KC-135 rotations to and from the UK, Alaska and Guam. In the past this support has been accomplished on approximately 84% of summer (May-Oct) deployments and 56% of winter (Nov-Apr). When used in this role the KC-135 has virtually no additional cargo capacity due to gross weight limitations resulting from the extra fuel carried for the receivers. SAC has recently adjusted the KC-135 rotation schedule to provide refueling support on an estimated 94% of summer deployments. Passenger space available is coordinated with MAC on all deploying KC-135s. SAC also uses available space to airlift organic KC-135 support personnel and equipment whenever possible. Since there are very few times when the KC-135 cargo capacity isn't utilized to the maximum extent possible, the savings in commercial airlift cost would be minimal.

B-52 FLYING HOUR BUDGET

Question. Is it true that SAC headquarters uses an average sortie duration of 9 flying hours in its budget estimates, but the average sortie duration of all SAC wings is only 7.8 hours? Why doesn't HQ SAC use its own units' information?

Answer. Past computations for "required" average sortie duration, based on completing required training events, were 9 hours. Because the funded program was below the computed required level, "actual" average sortie duration was 7.8 hours.

Question. Why does SAC include flying hours in its budget for pilot upgrade and requalification when such training is provided in the units as part of continuation training? How much is budgeted for copilot upgrade/requalification training?

Answer. Upgrade and requalification training is not accomplished as part of continuation training. The duties and flying skills performed by the aircraft commander are significantly different than those of the copilot.

For the B-52, 5,184 hours are planned in FY86 for upgrading copilots to aircraft commander and pilots to instructor pilot. These hours provide upgrade training for the SIOP mission only. An addi tional 2,592 hours are required to accomplish upgrade training to those crew members belongings to conventionally tasked units. Requalification training requires 4,968 hours per year.

Question. It is our understanding that an average of 11 percent of SAC crew members are absent for some reason in excess of 15 days in any given year. Is it true that, contrary to their own requirements determination process, SAC ignores these absences in determining budget requirements?

Answer. The SAC training program allows individuals to prorate training events when they are absent from flying duty in certain circumstances such as attendance at professional military training courses. In these cases, the other five aircrew members on a B-52 are not exempt from readiness training events. Each unit commander selectively substitutes crew members during these periods of absence to get the maximum use of his limited flying program.

Question. What is SAC's estimate of B-52 flying hour requirements versus budgeted hours in FY 1987?

Answer. The Strategic Air Command's B-52 flying hour requirement estimate for FY 1987 is 112,390 hours. The FY 1987 President's Budget submission funded 102,818 hours. This leaves over 9,000 hours unfunded in FY 1987 request.

SAC PILOT TRAINING

Question. SAC annually provides pilot upgrade training (training for copilots to become pilots) and pilot requalification training (training for pilots who have been out of the aircraft for an extended period) to a number of B-52 and KC-135 pilots and copilots. SAC has established formal training courses located at Castle AFB, California to provide some of this training. The following table shows the number trained and cost of this training in fiscal year 1984.

Course	Number of graduates	Costs (millions)	Cost per graduate
B-52 Pilot Upgrade Trng	55	$12.9	$234,000
B-52 Pilot Requal. Trng	50	4.8	96,000
KC-135 Pilot Upgrade Trng	165	25.2	153,000
KC-135 Pilot Requal. Trng	33	2.4	73,000
Total		45.3	

Some of this training is also provided in unit at the SAC operational bases. For example, SAC provides pilot upgrade training to a total of 110 B-52 copilots each year. As shown above, in fiscal year 1984 only 55 copilots received this training at Castle AFB. The remaining 55 received their training in their unit concurrently with the continuation training provided to crews. What criteria are used by SAC to determine whether pilots or copilots will receive upgrade or requalification training in the unit or at Castle AFB?

Answer. Strategic Air Command 51-Series regulations outline the requirements and criteria for requalification and upgrade training. For requalification, pilots out of the B-52 (noncurrent) for less than 3 years are automatically approved for in unit requalification. Pilots noncurrent for a period of 3-7 years can receive a waiver to requalify in unit. Waiver requests are based on unit sortie availability, instructor availability and the experience level of the requalification candidate. Over 7 years out of the aircraft requires course attendance at Castle. Copilot upgrade training to pilot can be accomplished in unit without waiver. Criteria used by unit commanders to determine Castle versus in-unit upgrade include: unit manning, sortie availability, instructor availability and copilot proficiency.

Question. In view of the significant costs being incurred to provide formal training courses at Castle AFB, can pilot upgrade and requalification training be provided at the unit level at less cost?

Answer. There are four (4) levels of training conducted: initial skill acquisition (initial); reacquisition of skills (requalification); modification of skill (upgrade); and maintenance of skill (continuation). Initial skill acquisition is best achieved by a formal training course: centralization of resources; economy of scale (instructor: student ratio); continuity of training; and standardized product. Based on the above, initial training is conducted in right seats leaving left seats available for other categories at no financial penalty. Left seats are filled in the following order: requalification rates the highest priority; upgrade next priority, subject to seat availability; overspill is conducted in-unit where training to maintain skill (continuation) can be most easily expanded to modify/extend skills (upgrade). There is nothing to be gained by transferring upgrade, requalification to the unit if Castle has the capacity to conduct it. Sufficient left seats are available at Castle to support the majority of requalification/upgrade, with no cost penalty. In-unit upgrade is a compromise and has to be recognized as such. Formal training at Castle AFB offers the opportunity for standardized training of aircrews in minimum time periods at reasonable costs. This allows SAC to place more crews in a mission ready status sooner without compromising quality or extending training over such long time periods that proficiency is jeopardized.

BENEFITS OF INCREASED TAF FLYING TIME

Question. We earlier discussed the improved proficiency associated with increased flying time. However, those improvements are relative compared to the level of pilot experience. Would it not help an inexperienced pilot more to fly additional hours than an experienced pilot? What controls exist to assure that less experienced crews receive more flying hours than experienced crews?

Answer. Both inexperienced and experienced pilots benefit from increased flying. Experienced crews need increased hours to improve their proficiency in handling the more complex mission elements. Experienced crews are usually the mission commanders, flight leaders or element leaders of an operation. Inexperienced crews need the additional hours to increase their individual skills. In recognition of this fact and the need to strengthen the "weakest link" as quickly as possible inexperienced crews are programmed to receive more flying hours (sorties) per GCC level per month. These requirements are set forth in Air Force Major Command Manual 51-50. Unit supervisors are actively involved in meeting those requirements. Monitoring is accomplished at the Squadron, Wing, MAJCOM, and Headquarters level.

Question. The Air Force has cited the decline in aircraft accident rates as an indication of increased pilot proficiency. What have been improvements in safety rates from FY 1980 to the present: Can you identify the decrease in accident rates as a result of pilot error, equipment malfunction or failure, or other reasons? A case can be made that the wear and tear on aircraft as a result of the increased flying time could actually cause more accidents than if you flew less. How do you respond to this assertion?

Answer. The improvements in the rate of accidents per 100,000 flying since 1980 have been striking. The rates per year follow:

1980	2.57
1881	2.44
1882	2.33
1883	1.73
1884	1.77
1885	1.49

If we compare the 1985 Class A rate of 1.49 with that of 1980, the Air Force has saved 110 aircraft, representing a cost savings of $700 million. Those 110 aircraft represent four fighter squadrons that otherwise would not exist. The cost of replacing those aircraft at today's costs would have exceeded $1.6 billion.

The USAF record low flying safety rate for 1985 is the result, not of one particular event, but of the continuing improvement of several areas over the past 5 years:

Supervision has been constantly refined to insure that flights are conducted under the safest operating procedures.

Maintenance procedures and supervision have been refined to include greater use of written guidance, closer supervision of work performance, better trouble-shooting and predictive tools, and more effective training of personnel.

The Air Force system of mishap investigation has encouraged a frank and realistic determination of causes and recommendations from which effective corrective actions can be derived and widely disseminated.

The newer aircraft in our inventory fly safer due to system safety considerations built into the original design.

Increased funding over recent years for additional flying hours and spare parts has increased the monthly flying rate for many aircrew members by as much as fifty percent, making aircrews more experienced and more current each time they fly—therefore, more able to cope with demanding missions or emergency situations.

The people. We feel that the current group of young people, officers and enlisted, are some of the finest anywhere and the best ever. Their individual responsibility and commitment, whether flying aircraft or fixing them, has been major factor in our success.

Finally, the leadership of the Air Force—from the flight commander to the Chief of Staff—understands clearly the important role that safety plays in accomplishing our mission.

In response to your final question, the key to keeping the excellent safety rate is to insure that all of the factors addressed above continue to remain in effect. Increased flying hours help to maintain our low rate by increasing the proficiency of our aircrews. Since maintenance inspections, overhaul, or replacement are based on the flying hours of the aircraft, they would continue to be maintained at the same high levels as they are now. In fact, it has been demonstrated on many occasions that when aircraft are flown more, they actually experience fewer maintenance deficiencies.

Question. What is the projected life of an F-15 aircraft today compared to 1980?

Answer. The projected service life of an F-15 aircraft today is 8,000 flight hours, the same as it was in 1980.

TAF FLYING HOURS AND COMBAT CAPABILITY

Question. TAC's operational units report training readiness under DOD's Unit Status and Identity Report (UNITREP) system. To achieve the highest readiness rating (C-1, Fully Combat Capable) the system requires that an operation unit have 85 percent of its pilots in mission ready status. TAC equates a mission ready status to flying at the GCC level A or 60 sorties. However, because TAC's training goals is for all pilots to be GCC level C, 100 sorties, pilots continue to fly beyond level A. For example, TAC estimated that in FY1985 about 86,500 hours costing about $296 million were flown by line pilots after qualifying as mission ready. In 1980, the TAC pilots were flying beyond level A requirements. Even so, pilot proficiency was a concern and a shortage of flying hours was said to be a key cause. Was this an indication that readiness criteria was set too low?

Answer. The threshold (GCC level A) used to establish mission ready available standards for UNITREP purposes may be set too low.

The relationship between UNITREP C-1 and GCC levels is being studied by TAF MAJCOMs and the Air Staff with an orientation toward redefining it. We have to eliminate the perceived disconnect between level A, minimum training required to accomplish the units primary tasking, which does not provide training in unit secondary or tertiary taskings or special capabilities, and UNITREP C-1, fully combat ready. The DOD UNITREP system and the TAC Graduated Combat Capability system are separate and distinct, with only the relationship between UNITREP C-1 and GCC level A in common. The UNITREP system is designed to provide the JCS with information on resource status and basic training required to accomplish a unit's primary wartime tasking. The TAC Graduated Combat Capability system provides MAJCOM, wing, and squadron leaders with an indicator of a unit's total training profile and a management tool for training distribution. A unit is reported C-1 under the UNITREP system when 85 percent of its pilots are mission ready at GCC level A, the basic mission ready standard. Pilots continue to train toward the Air Force goal of GCC level C to reduce attrition, provide capability in special taskings, and increase the unit's capability to meet it's full tasking—eventually to be fully trained and capable in all tasks assigned against the unit. We note that average FY85 HQ TAC, O&M flying hour costs for fuel and supplies for 86,500 hours was $1,368 per hour for a total of $118M.

Question. Is the number of sorties flown a good measure of pilot/unit readiness? Why?

Answer. Yes, for the tactical forces. Training procedures and events for tactical aircrews are best measured by sorties vs hours due to the relatively short mission duration of tactical fighters. Flight planning, briefing, execution and debriefing are the key elements of a mission. Each mission usually has a key training event or series of events around which the sortie is structured. Repetition and currency of training is also extremely important in tactical aircrew training. Therefore, the combination of average sortie duration, mission training objectives, and the need for currency all make sortie measurement of readiness the best system for tactical aircrew combat capability assessment.

Question. What studies and/or analyses were done to establish the training goal for all pilots to be level C which requires flying about 100 sorties vs. the 60 sorties needed to achieve the highest readiness rating of C-1?

Answer. The minimum number of training sorties required to attain the basic MAJCOM mission ready standard (GCC level A) which equates to UNITREP C-1, is based on the number of sorties required to gain and maintain proficiency in those events which make-up the units primary wartime tasking. The number of sorties above this minimum level, up to the Air Force goal of GCC level C, is designed to increase pilot proficiency, lower attrition, provide training in specialized tasking and increase the unit's capability to meet its full tasking—eventually training the pilot in all tasks assigned against the unit. The high end of the scale (GCC level C) sorties is established based on required events and military judgment of highly experienced tactical fighter training experts. The training program provides the sum of all training required to develop high competence in all tasks which a fighter pilot may be called on to perform in the extremely complex, high threat scenario of tactical air warfare. These sorties are necessary to provide our pilots the ability to extract the full measure of capability from their aircraft—in short; to fight outnumbered and win.

Question. How can TAC consider and report a pilot as being fully combat capable, the highest readiness rating, while flying at only 60 percent of TAC's training goal?

Answer. TAC considers and reports a pilot as being mission ready available for UNITREP purposes while flying training sorties to meet GCC level A requirements. GCC level A is the basic mission ready standard, at which the pilot is capable of performing missions under the primary unit tasking. TAC's training goal is to achieve GCC level C for all pilots. GCC level C is defined as full combat capability in all unit assigned tasks.

UNITREP reports are designed to provide the JCS the percentage of mission ready available crews versus the wartime requirements based on the standards established by each Major Command.

Graduated Combat Capability reports provide unit and MAJCOM leaders with a tool for sortie management and an indicator of increased combat capability above the minimum level. The relationship between UNITREP status and GCC levels is being studied at the MAJCOM headquarters and the Air Staff. There may be a perceived disconnect between UNITREP C-1 status for being fully combat capable and GCC level A, which is the minimum amount of training to be reported combat ready in the primary unit tasking.

Question. Since 1980, TAC has used 28,000 flying hours (11 percent of the total increase in the flying hour program) to increase the level of pilot proficiency. Considering the goal of training pilots to level C, has the Air Force given this goal sufficient priority as opposed to maintaining and increasing staff flying or pilot to aircraft ratio?

Answer. The Air Force goal is to train pilots to GCC level C.

Programmed staff flying has not increased since 1980. Staff flying requirements are set at minimum levels to maintain proficiency as required by their staff function.

Pilot to aircraft ratios have increased since 1980 in only two major weapon systems—the A-10 and F-16. The A-10 increased from 1.30 to 1.42 and the F-16 from 1.25 to 1.34. These increases were necessary due to increased planned wartime sortie rates. They represent only a small portion of the total increase in flying hours. Headquarters AF and TAF MAJCOM staffs have extensively reviewed aircrew ratios during the past year and the results of this review should be available soon.

Question. Has the Air Force studied whether pilot proficiency and experience levels could be improved by reducing the number of line pilots that are transferred to staff positions in lieu of increases in flying hours? If so, what were the study results?

Answer. There has been no formal study to assess the impact of fewer pilot staff positions on proficiency or experience. However, the Air Force continually reviews the number of individual transferred to staff positions, and strives to assign only the minimum number consistent with effective mission accomplishment. We have operated for several years under a "limited growth" policy for adding pilot requirements to the staff; i.e., the only additions to the staff for pilots are either mission changes or when associated with force structure growth. Routine additions to the staff, when not associated with the above conditions, are made only when organizations offer trade-offs or reductions elsewhere.

Question. How many staff/support pilots fly? How many sorties are they required to fly and how many were flown in fiscal year 1985? How much is the increase or decrease in sorties/hours flown by staff/support pilots since 1980? Is the availability of staff/support pilots considered in establishing pilot to aircraft ratios? If not, why?

Answer. The number of staff flyers has remained relatively constant from FY 1980 through the present. In 1980, Air Force wide, we had 3,221 staff pilots at or below the wing level (12% of our total pilot force), and 1,307 at Numbered Air Force (NAF) and MAJCOM level (5% of the total pilot force). They averaged 138 and 94 hours per pilot per year respectively. In FY 1985 we had 3,231 (11% of total) at or below wing level, and 1,175 (4% of total) at the NAFs and MAJCOMs. They averaged 139 and 83 hours per pilot per year. In summary, during this period, wing level supervisory pilots and flying times have remained constant, while those at NAFs and MAJCOMs have dropped 18% in number and 12% in flying time. Sortie requirements for staff flyers pertain primarily to the tactical forces. The number of sorties flown is dictated by

Major Command Manual 51-50 and is dependent upon the individual's staff function. A staff pilot who is required to maintain Mission Ready (MR) status must fly 80% of the sorties required to attain GCC level "C" (fully combat ready in all unit taskings). Those flying at Mission Support (MS) levels, must fly 30 sorties per half year. Finally, staff pilots are not considered when establishing pilot to aircraft ratios. Because of their supervisory roles and lower sortie requirements, they have limited combat availability and therefore, would not be considered immediately and fully combat ready in contingency.

Question. How many flying hours are used for demonstration and incentive flights? How much have these hours increased or decreased since 1980?

Answer. The Air Force does not track the actual hours used during demonstration and incentive flights. With the exception of the Thunderbirds Demonstration Team, all aircraft demonstration and incentive flights must be conducted within the context of training missions. In other words, all flights and/or maneuvers performed must relate to what aircraft and crews are authorized to do on a normal training mission, and to the maximum extent possible, the crews involved should have a need to accomplish the maneuvers as part of their periodic training requirements. Even in the case of a single-ship F-15 demonstration for example, a pilot benefits by performing combat related maneuvers. The Thunderbirds are exclusively a demonstration team. However, it should be noted that these aircraft are combat coded and the pilots perform combat-like scenarios. Finally, although the Air Force does not track hours/sorties, we did begin to track total demonstrations in 1984. (There was a moratorium on demonstrations from January 1982 through May 1983). In 1984, we flew 333 demonstrations (87 were Thunderbird) and in 1985 we flew 396 (75 were Thunderbird).

TAC FLYING HOUR UTILIZATION RATES

Question. TAC develops and manages its flying hour program on the basis of utilization (Ute) rates. The Ute rate for each aircraft type is specified annually by the TAC commander. With a given Ute rate, TAC determines its annual flying hour program by multiplying the Ute rate times the average sortie duration, times the number of authorized aircraft, times 12 months. TAC's policy is to fly all hours that are generated. What is the basis for the Ute rates used to develop annual budget requests, and how do they relate to training requirements?

Answer. Training requirements exceed our current capability to generate sorties on a prolonged basis. Sortie generation capability is resource constrained by manpower, airframes, support equipment, replenishment spares, etc. In accordance with Air Force Regulation 27-7, flying hour programs are based on (1) requirements or (2) maintenance generation capability, whichever is lower. Since resource constraints tie us to a given generation capability (Ute rate) which is lower than aircrew training requirements, Ute rates drive flying hour requests.

Question. When aircraft utilization rates increase, what factors determine whether the additional sorties generated are used to train additional pilots (increase pilot/aircraft ratio), provide additional training to existing pilots, or increase staff flying?

Answer. Most additional hours gained from increases in aircraft utilization rates are used to provide the required additional training to existing pilots. There is of course the requirement to train replacement pilots arriving from undergraduate pilot training or lead-in type training units. As mentioned, the limiting factors in our attempt to achieve our training goal has been fiscal or manpower constraints. If those shortages are corrected, it will result in more flying hours/sorties, and will allow us to come closer to our goal of training our aircrews to the full capability of our weapon systems.

Question. How many pilots were added to the TAC operating units during 1980 through 1986 as a result of increased pilots to aircraft ratios? Because of increases to the aircraft inventory?

Answer. Tactical Air Command (TAC) crew ratios have remained constant between 1980 and 1986 for all but two major weapon systems, the F-16 and A-10. The F-16 crew ratio increased from 1.25 to 1.34, equating to an additional two pilots per squadron, while the A-10 crew ratio increased from 1.30 to 1.42. This increase also adds approximately two pilots per A-10 squadron. In both cases, the crew ratio adjustments were due to an increase in planned wartime sortie rates.

The following table reflects increases in aircraft inventory and pilots between 1980 and 1986.

	1980	1986
F-16		
Aircraft	66	216
Pilots	83	289
A-10		
Aircraft	72	144
Pilots	94	204

Question. Is the requirement to use all allocated flying hours consistent with the most efficient use of hours, or does it result in flying which is not most productive?

Answer. Using all allocated flying hours is consistent with our training goals. Our allocated flying hours have historically been lower than those required to attain full combat capability in all mission taskings, not just primary taskings. When we fly all hours available, we can get as close as possible to our goals within fiscal constraints.

Question. For the record, provide a comparison of changes in average UTE rates and duration from FY 1980 to projected FY 1987. Provide the reason and the flying hour impact for each change.

Answer. From FY 1980 to FY 1987, UTE rates show a steady increase across our tactical forces. These increases are a direct result of an increased logistics capability to support training requirements. An increase in UTE rate will result in increased flying hours if Average Sortie Duration (ASD) does not decrease. Average sortie durations (ASD) show no significant change from FY 1980 through FY 1982, followed by a slight but steady decrease through

FY 1987. Changes in ASD are due to many reasons, such as weather, locations of weapons delivery ranges, JCS taskings, unit phase in/out and aircraft ferry requirements. Increases and decreases in ASD will have corresponding effects on numbers of sorties/flying hours.

TAC FLYING TIME AND PILOT PROFICIENCY

Question. Since 1980, the Tactical Air Command (TAC) flying hours program increased by about 133,000 hours with about 127,000 of the additional hours going to operational units. The primary use of flying hours in the operational units is continuation training, which is to maintain and improve the skills of pilots to insure readiness for potential combat operations and enhance their proficiency. Since 1980, the average line pilot has gained about 2 hours per month flying time, accounting for about 28,000 hours of the increase, or 22 percent. The majority, or about 81,000 hours, is due to increased aircraft inventory. The Air Force claims an increase in the average fighter pilots proficiency since 1980. Do you consider the average 2 hour per month increase in the flying time per line pilot the predominant factor accounting for the improvement? How do you measure the value or benefit that a pilot receives from flying 2 additional hours per month?

Answer. The benefit the average fighter pilot accrues from an additional 2 hours flying time per month is difficult to quantify and is dependent upon numerous additional factors including aircrew experience level, tactical scenario, range availability weather factors, etc. In a broad sense, an additional 2 hours of flying time would translate into approximately 2 sorties. These 2 additional sorties per month equals 12 sorties per half-year, which is the Maverick Training requirement for an A-10 pilot. Therefore the seemingly small number of an additional two hours of flying per month does significantly contribute to increased proficiency. Additional flying hours are one part of a significant TAC increase in readiness. Additionally, many improvements have been made in training facilities, i.e., tactical ranges, briefing and debriefing systems etc., which contribute to an overall increase in the tempo and quality of training.

Question. Factors in addition to flying hours appear to impact pilot proficiency; i.e., higher quality of training, better aircraft and weapons systems, and improved maintenance. What criteria, key data, measurements, etc., are used to assess the relative impact of additional flying hours on pilot proficiency compared to the other factors to decide on the proper mix?

Answer. Increased pilot proficiency as a result of increased flying hours/sorties are measured by several means. The results of higher headquarters Operational Readiness Inspections (ORIs), Standardization/Evaluation inspections, annual unit pilot flight evaluations, intraservice and multi-country operational flying competitions and unit and Air Force safety statistics can be used as indicators of improved performance. As an example, in CY 1985 the Air Force achieved its best ever safety record. We strongly believe more flying hours/sorties directly contributed to this result.

TAF MINIMUM FLY HOURS REQUIRED

Question. The Tactical Air Force has implemented the Graduated Combat Capability (GCC) system to manage continuation training. The system specifies three levels of training, which are determined primarily by the number of sorties a pilot flies:

Level A is the basic mission ready standard. The number of sorties needed to achieve level A is approximately 60 sorties.

Level B is the number of sorties that can be achieved with the flying hours allocated each year.

Level C is the point at which additional flying becomes less important than other factors. The number of sorties needed to achieve level C is about 100 sorties. Other than the number of sorties flown, how do you quantifiably measure the proficiency difference between level A and level C pilots?

Answer. Major Command Manual (MCM) 51-50 defines the Graduated Combat Capability (GCC) levels as follows:

Level A the basic mission ready standard determined by the MAJCOM, establishes the minimum training necessary for an aircrew to perform the unit's primary designed operational capability (DOC).

Level B is the MAJCOM recommended training program to increase proficiency, lower attrition, train some crewmembers in specialized tactics and increase the units capability to meet its full tasking.

Level C is the complete program for the unit, based on its tasked missions. It is the sum of all the sorties which should be programmed for an individual to complete training in all the tasks assigned against the unit.

In accordance with the above definitions, the difference between levels A and C pilots can be summarized as follows:

A GCC level A pilot is mission capable at the minimum level. He can fly the aircraft safely and is qualified to perform the unit primary tasking.

A GCC level C pilot is fully capable in all the unit assigned tasks.

Question. Additional sorties flown by level A pilots would most likely have greater benefit as far as improving the pilots proficiency than additional sorties flown by pilots flying at about level C? How do you determine the point where the cost exceeds the benefit?

Answer. Tactical Air Forces (TAF) flying unit supervisors closely manage their unit flying programs to ensure that individuals who have attained GCC level C do not fly additional sorties at the expense of an aircrew at GCC level A. GCC training levels provide guidelines which aid commanders in determining sorties allocation in a broad sense. Flight supervisors at all levels are closely involved with insuring that available sorties go to those who need them most, based on currency, proficiency, basic ability, and experience.

Question. When flying sorties above level A, what capability is gained that cannot be accomplished within the number of sorties prescribed for level A?

Answer. GCC level A is defined as the minimum standard for combat readiness in the units primary assigned task. Sorties programmed above GCC level A are designed to increase proficiency in those tasks proscribed at level A, to introduce special capability taskings, and to gain proficiency in additional unit taskings.

The GCC level A pilot is trained to the basic mission ready standard as outlined by the MAJCOM. He is basically capable of performing missions for which the unit is primarily tasked. A GCC level C pilot has completed the entire spectrum of training; specified by the MAJCOM, in all the tasks assigned against the unit.

FLIGHT INSTRUCTORS

Question. The Air Force undergraduate pilot training program is about 49 weeks in length and in fiscal year 1985 provided about 1,800 undergraduate pilots. Many of the Air Force's Air Training Command (ATC) flight training instructors are pilots and copilots drawn from the major commands. For example, to train undergraduate pilots, SAC provides on a continuing basis about 355 B-52 bomber and KC-135 tanker pilots and copilots who were trained to fly these type aircraft at a cost ranging from $245,000 to over $1 million. These pilots are assigned to ATC for about three years as instructors teaching undergraduate pilots to fly in trainer type aircraft. ATC a few years ago provided a separate career field for instructor pilots whose primary job is to provide undergraduate pilot training. In contrast, the Army contracts for a substantial part of its undergraduate helicopter training. In view of the high cost of drawing flight training instructors from the major commands, what considerations has the Air Force given to contracting for part of its undergraduate pilot training? What cost or other advantages would be realized by contrasting for the training? What disadvantages?

Answer. The Air Force continually reviews the concept of contracting undergraduate pilot training (UPT). Options ranging from contracting all UPT operations to contracting only selected portions of UPT have been reviewed. In 1980, the Air Force completed a study to determine whether UPT must be conducted by military personnel. The study examined military-only options, civilian-only options, and mixed options. The final conclusion was that military instruction pilots are essential throughout UPT.

Nearly 90% of the Air Force's student pilots are newly commissioned officers, and maximum exposure to the military and its people is a key element in initial assignments. The UPT program develops military discipline and leadership as well as the ability to fly high performance aircraft. Military flying procedures as well as officer discipline, morale, motivation, and esprit de corps are instilled in students through the presence and experience of military instructors. In addition, retention and dedication in the Air Force pilot inventory are strengthened through the role models provided by career-oriented, professional military instructors.

In 1983, an A-76 Blue Ribbon Group reconfirmed military essentiality in UPT. Although aircraft maintenance activities at several flying training bases and the majority of flight screening programs have been contracted out to civilian industry, the Air Force remains convinced that day-to-day operations UPT should be conducted and supervised by military personnel.

Air Training Command requires representation in the instructor pilot inventory by major commands. This provides a cross-section of talent and experience in the UPT instructor cadre. This presence is necessary, since the instructor for force makes daily assessments about the quality of training and its relevance to operational missions flown in other major commands. For this reason, Air Training Command will continue to use some pilots qualified to fly other than trainer aircraft. However, increases in the number of instructors assigned to the trainer career field have permitted the Air Force to reduce the number of pilots drawn from other major command and, thereby, realize a cost savings in the training environment.

Question. Does the Air Force plan to increase the number of ATC career field instructor pilots and in turn reduce the number of trained pilots drawn from the major commands? If not, why not?

Answer. To conduct undergraduate pilot training, Air Training Command maintains a cross-section of major weapon system experienced instructor pilots and first assignment instructor pilots. Approximately 25 major weapon system experienced pilots and a maximum of 50 first assignment instructor pilots may be added to the career trainer force each year. There are currently about 360 career trainer pilots and the Air Force plans to have a maximum career instructor pilot inventory of 750. Through this process, the number of trained pilots drawn from the major commands will be reduced.

Question. When was the last time the Air Force validated its need for the number of pilots drawn from the major commands and assigned as ATC flight instructors?

Answer. The number of pilots drawn from the major commands and assigned as Air Training Command flight instructors is reviewed twice annually during the Rated Management Executive Conference. The most recent validation occurred in October, 1985 and will be revalidated in April, 1986.

Question. Describe the type, extent, and cost of the requalification training B-52 and KC-135 pilots and copilots must receive when they return to SAC units after having been assigned to ATC as instructors.

Answer. Pilots and copilots who return to SAC following an ATC assignment as instructors go though requalification training upon their return. This training can be either full requalification or upgrade training. Training requirements are outlined in both Air Force and SAC regulations. Both types of training include academic courses in aircraft systems and procedures along with flying. An average of 24 pilots and copilots return to SAC each year. The cost to train these crewmembers is approximately $8.4 million.

SPACE SHUTTLE

Question. We would like to discuss the impact of the recent destruction of the Space Shuttle on the O&M funds for Shuttle operations for FY 1986 and FY 1987. The Committee has heard testimony that there will be no Shuttle launches for 18-24 months after the accident. If there is a 24 months delay, how many DoD launches will be delayed? Will a 24 month delay cause a decrease in FY 1987 funds, since it will affect the FY 1988 missions budgeted in FY 1987?

Answer. A 24 month delay will impact 25 to 30 Shuttle missions. The FY 1987 request will remain the same or increase, since a 24 month delay would result in a resumption of flights in FY 1988. When shuttle flights resume, most of the initial launches are expected to be DOD launches. Depending on how many launches occur during FY 1988, and NASA's treatment of earlier year launch credits, the current ———.

Question. Are some of the funds provided NASA in FY 1985 to finance FY 1986 shuttle launches now surplus to NASA requirements? Can these funds be applied to future shuttle launches? Please provide, by appropriation, amounts available to NASA for FY 1986 launches that are no longer required for that purpose.

Answer. Consistent with the MOU between the Air Force and NASA, the respective budget requirements are established three years in advance based on the Air Force launch requirements. This is done due to the long lead time NASA needs to build flight hardware. Funds are actually transferred to NASA in the year prior to the actual flights. Therefore, the FY 1985 funds were used by NASA to build the flight hardware for the planned FY 1986 flights. Since this hardware has been completed, there are no FY 1985 surplus funds. However, this hardware remains available to support future Air Force launch requirements.

Question. Of the $633,789,000 estimate for FY 1986 for Space Shuttle launches, how much is directly or indirectly related to FY 1987 launches? Of those amounts, how much are associated with fixed Shuttle costs that NASA will have to pay regardless of actual launches, and how much are variable and only apply if actual launches occur in FY 1987? Is the Air Force, as part of their MOU, required to transfer all of the above funds to NASA in FY 1986, and if so, will the surplus funds be available for future launches?

Answer. Total O&M funds due to NASA in FY 1986 per the MOU for Air Force flights in FY 1987 were $87M for 1.86 launches. These funds provide for the flight hardware built to support these launches. Most of this hardware is nearing completion and the funding is committed. The MOU requires this funding to be transferred to NASA each year; however, the hardware remains available to future launches and appropriate credits will be applied to future Air Force payments to NASA. The entire FY 1986 Air Force Orbiter Flight Charge payment was transferred to NASA in January 1986. Any flights not flown in FY 1987 will be credited to DOD against flights in FY 1990 and paid for in FY 1989. This agreement is currently under renegotiation due to the Challenger loss.

Question. In FY 1987, you request an increase of $685,000 for Shuttle Airborne Support due to increased Shuttle flight rates. Do you still require those funds?

Answer. The $685,000 for Airborne Support Equipment operation and maintenance in FY 1987 is still required. With NASA's planned resumption of launches in July 1987, this equipment will be utilized in pre-launch testing and simulations as well as during

DOD Missions. Even if launches do not occur until later, this equipment must be stored and maintained in working order.

Question. Are there any other Shuttle funds, not associated with NASA transfers, that are no longer required for FY 1987?

Answer. The O&M funds for PE 35171F will still be required. These funds support four efforts associated with the Space Shuttle program.

Upper Stage Vehicles ($102.5M): This effort procures and provides launch support for the Inertial Upper Stage, the PAM D-II and the Centaur programs. These vehicles are procured to support the launch requirements of specific satellites. If the satellite is not launched as planned, the satellite and the upper stage must be stored. Storage costs for a short period of time can be met by the funds programmed for launch support. However, if a launch is significantly delayed, additional funds will be required.

Vandenberg Launch and Landing Site ($351.9M). This effort operates and mainains the Vandenberg Launch and Landing Site (VLS). The majority of the cost is contractor manpower. The time involved to hire, train and certify the technical skills required for Shuttle launch processing precludes layoffs unless launches at VLS were delayed for 3 years or longer. Additionally, as a result of the Challenger accident, NASA has already added requirements to the processing for the first launch. The time required to accomplish the additional work, and any other requirements resulting from the Challenger accident, will require additional funding.

Orbiter Flight Charges ($268.8M). These costs are set by the provisions of the NASA/AF Memorandum of Agreement on Reimbursement of Launch and Associated Services for Uses of the Space Shuttle. The MOA procedures establish the number of DOD flights for three years in advance, which are paid for one year in advance. Any changes in flights result in adjustments against the third year of the commitment. The FY 87 funds will pay for flights in FY 88 set at 7.976 equivalent flights by SAF/US Commitment Letter, dated 22 Nov 85. Any changes to this will result in credits in FY 90.

Other Shuttle Support ($185.1M). This category contains funding for maintaining DOD security requirements at NASA centers, generic DOD Airborne Support Equipment, the Manned Spaceflight Engineer Program, reimbursement to NASA and the test ranges for support, and technical consultants. These efforts are being reviewed to determine if any funding requirements can be reduced as a result of the standdown of the Shuttle fleet. However, most of the efforts are performed through existing contracts. Costs to terminate and reestablish the contracts are being evaluated.

VANDENBERG AFB

Question. If a decision is made to cease operations at this Shuttle launch facility, what would be the savings in Air Force O&M funds in FY 1987?

Answer. The FY 87 PB O&M request for Shuttle operations at Vandenberg AFB is $351.9M. The amount saved is dependent on what level of readiness is maintained at the facility. However, the

DOD has determined the most cost-effective course of action is to continue operations at Vandenberg AFB.

Question. Would the closing down of this facility have any impact on the fixed costs NASA considers in determining how much reimbursement for FY 1987 launches that are funded by you in FY 1986?

Answer. Per the NASA/AF MOA on Reimbursements, DOD does not pay NASA for any Shuttle related NASA Center manpower (government and contractor) supporting DOD launches. Similarly, NASA does not pay DOD for Shuttle related DOD manpower supporting civil launches. This trade of manpower and launch services at Kennedy Space Center and Vandenberg is known as the Quid Pro Quo agreement and accounts for the price difference between civil and DOD launches. The Phase III price for reimbursements beginning in FY 88 is $74.4M for civil flights and an average of $60M for DOD. If the Vandenberg Launch and Landing Site is closed permanently, the DOD/NASA pricing agreement would likely require renegotiation.

USE OF O&M FUNDS TO FINANCE SHUTTLE LAUNCHES

Question. The Committee understands that the Air Force and NASA have worked out an agreement whereby the Air Force budgets for and transfers funds to NASA a year in advance of scheduled DOD Shuttle missions.

Why should DOD pay for FY 1988 requirements with FY 1987 funds? Why can't you budget for this program like every other Defense program—in the year in which it is required?

Answer. Per the NASA/AF Memorandum of Agreement on Reimbursements, if the FY 1988 flights which DOD paid for in FY 1987 are not flown, the DOD will receive credits against mission requirements in FY 1992, paid for in FY 1991. Funds are not returned to the DOD. Any questions concerning expenditure of transferred O&M funds should be directed to HQ NASA, Office of Space Flight.

Orbiter Flight Charge reimbursements to NASA are for the hardware used during DOD launches. NASA must contract for and take delivery of this hardware prior to the launch. Consequently, NASA must expend funds in support of DOD missions prior to the year of the mission.

Question. Doesn't this concept, of transferring O&M funds in one fiscal year to NASA to be obligated and spent in the following year, amount to illegally extending the available life of this one year appropriation? How does the Committee know these funds are spent for the purpose budgeted for? FY 1986 is an excellent example, because there will be no more shuttle launches in FY 1986 and funds appropriated for shuttle launches will now be available after expiration of the original appropriation, for uses other than intended. Why should FY 1985 O&M funds be available in FY 1986 for obligation for purposes other than those originally intended, without the approval of the Congress?

Answer. The DOD-NASA memorandum of agreement (MOA), which contains the reimbursement arrangement for satellite launches on the Space Shuttle, was made under the statutory authority of 42 U.S.C. 2473 (which contains the NASA charter). That authority states that NASA may ". . . enter into and perform such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of its work and *on such terms as it may deem appropriate, with any agency or . . .*". This language coupled with the latest NASA/AF MOA and several years of Congressional review, has established the existing budgeting and financing procedures as appropriate and desirable.

The budget justification material provided to Congressional oversight committees the past several years has indicated that the Air Force funding requirement is predicated on a certain number of shuttle launches in the following year. Orbiter Flight Charge reimbursements to NASA are for the hardware used during DOD launches. NASA must contract for and take delivery of this hardware prior to the launch. Consequently, NASA must expend funds in support of DOD missions prior to the year of the mission.

The funds are legally obligated under the guidelines of 31 U.S.C. 1501(a) and 31 U.S.C. 1502. The requirement to pay NASA a year in advance is by definition and Congressional approval a bona fide need of the fiscal year for which the funds are appropriated and obligated, and the funds are used for the purposes intended by Congress (i.e., to pay NASA for planned, future Shuttle launches).

Question. If some urgent requirement caused NASA to launch more Shuttle missions for DOD than originally planned, does NASA absorb the charge or do they bill DOD for the additional costs?

Answer. The NASA/AF MOA on Reimbursement provides for the necessity of a totally unscheduled DOD mission to meet a national defense requirement (launch-on-demand mission). In the case of such missions, DOD will reimburse NASA for a dedicated flight and for all optional services required in the year the services are performed.

Question. What would be the impact on NASA and the Air Force if the Committee deleted all FY 1987 funds associated with FY 1988 DOD Shuttle launches and directed the Air Force to budget for launches in the year in which they occur?

Answer. If the DOD could reimburse NASA in the year of launch, preferably at the time of launch for standard launch services, it would eliminate the complex system of billing and payment imposed by the requirement to pay NASA on January 1 of the fiscal year prior to the fiscal year of launch. However, any such direction must recognize the 11.269 flights, not yet flown that DOD paid for in FY 83-86. The impact on NASA of such direction should be addressed by NASA.

SPACE SUPPORT

Question. The Air Force appears to over-estimate funding requirements of CSOC and space launch support as the following chart depicts:

[Dollar amounts in thousands]

	FY 1984	FY 1985
CSOC:		
Initial request	$7,590	$35,787
Current year estimate	$7,549	$18,075
Actual	$5,407	$14,721
Total change (percent)	29	54
Space Launch Support:		
Initial request	$353,297	$545,372
Current year estimate	$339,327	$531,965
Actual	$328,818	$519,383
Total change (percent)	7	5

Why are these two programs consistently overestimated? What would be the impact if FY 1987 funding was decremented by the average overpricing in FY 1984/1985, i.e., ~42% for CSOC and 6% for Space Shuttle Support.

Answer. During the Spring of 1984, the Air Force, responding to the Rose Garden Agreement, restructured the CSOC acquisition program reducing Total Obligation Authority in FY 1985 and FY 1986 by $142M. Operation and Maintenance funding was not revised to match the delayed development schedule, resulting in an excess of funds in the years FY 1984 and FY 1985. The program is now stabilized according to the revised schedule and is in full scale development with all but the Shuttle Operations and Planning Complex (SOPC) segment under contract. The SOPC contract is scheduled for award in May 1986. FY 1986 O&M obligations, halfway through the fiscal year, exceed 48% ($34.5M obligated of the $71.65M appropriated), demonstrating the program's alignment of requested funding with contract obligations. Reduction of CSOC's FY 1987 funds by 42% would prevent activation of satellite Mission Control Complex (MCC) #1 in February 1987 and would impact the acquisition contract for both MCCs #1 and #2.

The Space Launch Support funding listed is for the FY 1984 and FY 1985 O&M appropriations. These funds are used for Inertial Upper Stage (IUS) launch operations, Orbiter Flight Charge reimbursements to NASA, preparation of Vandenberg AFB launch operations, Eastern Launch Site ground operations, payload integration, and other Shuttle operations support costs. Program slips caused these funds to be reallocated. Space Launch Support was not overestimated; in fact, there is an FY 1986 shortfall of $42M for Vandenberg AFB Shuttle support. An automatic decrement of 6% to Space Launch Support would guarantee delays in launch support each year the decrement occurs.

Question. Describe how the estimate of $50,991,000 for contractor support of CSOC in FY 1987 was developed?

Answer. Contractor support is required for CSOC hardware and software maintenance and system/equipment operations. The $50,991,000 increase represents the sum of the costs associated with an increase in the level of effort of 14 separate support contract areas as well as an increase in civilian pay. The individual operating cost increases are as follows:

	Millions
Lease of commercial communications services	$5.7
Contractor Support:	
Training Mission Control Complex Facility	3.5
Satellite operations training	0.5
Software and Maintenance training	0.5
Courseware conversion (Computer Based Training System)	5.3
Technical Data Center Operations (initial O&M funding)	0.8
Engineering Services and Modifications Support	5.1
Command and Control Sustaining Engineering	1.6
Administrative Communications and Information Services	1.2
Computer Operations Technical Support and Software Mgt	2.0
Technical Segment Support	3.5
Special User Support (AFSPACECOM)	2.5
CSOC Communications Transition O&M	14.9
Satellite Operations Transition O&M	1.3
Civilian Pay	2.5
Total	50.9

Many CSOC operations and maintenance (O&M) functions were required and funded for only half of FY 1986. These same functions will be required throughout FY 1987 resulting in a substantially increased CSOC FY 1987 O&M request. The FY 1987 activation of CSOC's satellite Mission Control Complex #1 and attendant communications and support activities requires: first, an increase in the scope of O&M above the FY 1986 level additive to the work period increase previously described and second, the addition of O&M functions new to the CSOC facility. CSOC O&M funding must continue to increase through 1992 to support the time phased addition of new operational capabilities to the CSOC facility.

STRATEGIC OFFENSIVE MISSILES

Question. You request an increase of $10,256,000 for Peacekeeper Deployment as 25 additional missiles are brought into the inventory. What was the original delivery schedule for these missiles, has it changed, and, if so, what are the budgetary impacts? Please provide a breakout of costs, by type of cost, for FY 1986 and 1987?

Answer. We know of no projected changes to the delivery schedule as reflected in the FY87 President's Budget. The current schedule provides for delivery of two missiles per month during the year

PEACEKEEPER COSTS

(In thousands of dollars)

	1986	1987
Civilian Pay	47	87
Travel of Persons	782	956
Transportation	0	973
Equipment Maintenance	10	10
Contract Engineering and Technical Services	383	273
Other Contracts	6,913	7,317
Supplies	1,814	10,883
Equipment	475	518
Total	10,424	21,116

Question. According to the budget, the TITAN missile force will be completely phased out in FY 1987. Why do we see only a 17 percent reduction in costs from $8,304,000 to $6,878,000? Provide a breakout of TITAN costs by type of cost for FY 1986 and 1987.

Answer. The actual reduction in operational costs between FY86 and FY87 for the Titan is greater than 17%. However, much of the funding in FY86 and FY87 support deactivation costs which do not decrease significantly in FY87. Although more missiles are taken off alert status in FY86 than FY87, deactivation costs for some of the missiles taken off alert in FY86 fall into FY87. Nine to ten missiles will be deactivated in FY87 not just the last seven. Also, the Titan program has fixed costs in the contractor support area and maintenance area that won't decrease until the last missile is deactivated in late FY87. The sum of all these facts result in only a 17% reduction in FY87.

TITAN COST

[In thousands of dollars]

	1986	1987
Civilian Pay	418	576
Travel of Person	288	92
Transportation	492	270
Equipment Maintenance	52	10
Contract Engineering	1,369	1,400
CETS	64	71
Other Contracts	37	0
AVPOL	163	78
Supplies	5,358	4,381
Equipment	62	0
Total	8,304	6,878

STRATEGIC OFFENSIVE AIRCRAFT

Question. The budgeted B-1B flying hour program was based on availability of B-1B aircraft delivered to new units. What was the original delivery schedule of these aircraft, has it changed, and if so, what are the flying hour and budgetary impacts?

Answer. The B-1B budgeted flying hour program is based on the contract delivery schedule, which are not changed. That schedule is summarized below:

Delivery schedule

Fiscal Year:	
1986 and prior	20
1987	46
1988	34

NOTE.—Delivery schedule includes PAA and BAI aircraft.

Question. You request an increase of $5,769,000 to relocate in FY 1987 the B-52 weapons trainer at Grand Forks to Andersen AFB, Guam. In FY 1986, you relocated the trainer at Castle AFB, California to K.I. Sawyer AFB in Michigan. It is too late now, but as a cost savings initiative, would it not have made sense to move the west coast trainer to Guam and the trainer in North Dakota to Michigan? Are there other trainers to be moved and, if so, provide the schedule, locations and costs? Would it be possible to plan these follow-on relocations in a more cost-effective manner?

Answer. The B-52 WST to be moved from Grand Forks AFB, ND, to Andersen AFB, GU, is a B-52G Weapon System Trainer (WST). The trainer is being moved as part of the planned Grand Forks AFB transition to the B-1B. Andersen AFB, as a B-52G unit basically isolated from the rest of Strategic Air Command, has a definite requirement for a WST.

The WST moved from Castle AFB, CA, to K.I. Sawyer AFB, MI, is a B-52H unit which is not useable at a B-52G base. Castle has converted to an all B-52G unit and no longer has a requirement for a B-52H WST.

Simulator moves such as these are in conjunction with rebasing actions which are planned well ahead of time. There are no more simulator moves currently planned.

Question. Please provide a discussion of the KC-135 Simulator Refurbishment to include what aircraft modifications are to be included, what additional capabilities it will provide, whether or not it will provide more sophisticated/realistic simulation which could offset flying hour requirements, and a funding profile by fiscal year and appropriations.

Answer. The Air Force has a funded program to refurbish the existing 25 year old analog MB-26 CPTs and upgrade them to modern digital non-motion Operational Flight Trainers (OFTs). Refurbishment will be for both 135A and 135R model aircraft. The contract was awarded to Boeing. The development program will include the following directed aircraft modification enhancements for refurbished MB-26s:

Mod 11010C: ARC-164 UHF Radio
Mod 16620C: ARC-190 HFSSB Radio
Mod 42116B: Anti Skid brake
Mod 13405A: MC-1 Autopilot Replacement
Mod 16405B: Doppler Replacement
Mod 2984: Navigation System
Mod 10402B: Fuel Savings Advisory System
Mod 3042: ARC-186 VHF Radio
Mod 3025/3063: Secure Voice

Simulator will provide basic safety of flight training to include degraded, abnormal and emergency procedures. While the device will be more sophisticated and provide a more realistic simulation, the increase in capability will be a by product of the transition from analog to digital technology. This program is driven by logistics requirements, not new operational capabilities. Without the transition to a digital technology, logistic shortfalls will lead to an inability to train crews in the MB-26. There is no offset of operational flying hours because of this logistics update. The Air Force position is that simulators complement flying hours, they do not replace them.

SURVEILLANCE AND WARNING RADARS

Question. In FY 1986 you requested an increase of $2,330,000 for support of uninterruptible power supply systems at 3 SBLM warning radar sites. In FY 1987 you request an additional $7,641,000 to again support such installations. There are only 6 such sites, therefore, you are requesting an increase of $7.6 million to support the same number of sites you added last year for only $2.3 million. Why?

Answer. FY 1986 costs cannot be compared with FY 1987 costs. The FY 1986 costs were for contracts for uninterruptible power supply systems at 3 SLBM sites. Fiscal year 1987 costs are for uninterruptible power supply systems and other critical facilities support at three different sites (not SLBM) as specified in the justification book narrative. Additional facility projects are included in the FY 1987 President's Budget for PAVE PAWS and PARCS sites. The projects for each site vary based on requirements, environment, site, and other factors. In particular, the contracts at remote sites (as the 87 sites for uninterruptible power are) tend to be more costly than contracts in the CONUS.

The C^3 Power Reliability Program includes contracts to upgrade support facilities at all critical surveillance and warning sites worldwide, not just SLBM sites. The work ensures the sites will have operational availability commensurate with the requirements for this time sensitive information. Each year's projects have little relation to prior years, especially when considering the specific locations supported or the number of locations supported.

Question. What is the basis for the $15,643,000 estimated increase for Ballistic Missile Warning and Attack Assessment System? What would be the impact if these funds were cut out?

Answer. The increase in the Ballistic Missile Warning and Attack Assessment system funding is caused by consolidation of Operation and Maintenance funds from several program elements. If these funds were cut, contract support services for the Systems Integration Office (SIO) would have to be terminated. The SIO, using contract support, conducts end-to-end testing and certification of the ballistic missile warning system. This testing was instituted as a result of the false warning incidents of 1979 and 1980. End-to-end test of proposed system changes is an absolute minimum essential requirement to assure the highest confidence in the national ballistic missile warning system. The SIO cannot perform the required testing without contract support.

Question. What is the status of the ICCE program? Is the planned fully operational date of December 1987 still good and, if not, are all the requested funds of $4,933,000 still required?

Answer. The ICCE program is currently on schedule. The equipment was installed in October 1985 and achieved Initial Operational Capability in November 1985 after completing field Development Test and Evaluation (DT&E). The system will undergo Tactical Air Forces (TAF)/Joint Tactical Air Operations (JTAO) Certification Testing in September 1986. Operational Test and Evaluation (OT&E) will be completed in January 1987. The system will become fully operational when integrated with the Regional Operational Control Center in December 1987. All funds requested are still required.

STRATEGIC OFFENSIVE BASE OPERATION

Question. In your FY 1986 budget, you identified $5,824,000 growth in dorm furniture tied to FY 1985 MCP and a $12,297,000 reduction in dorm furniture tied to FY 1984 MCP. Now in FY 1987 you again request dorm furniture adds of $2,058,000, but no decrease associated with the FY 1986 program is identified. Why?

Answer. $2,058,000 increase shown in the FY87 President's Budget is the net increase for FY87 over FY86 for dormitory furniture. This additional funding supports FY86 MCP and strategic forces dormitory furniture replacement program. If shown by fiscal year MCP, the exhibit would have reflected a minus $8,639,000 for FY85 MCP/dorm furniture replacement and a plus $10,679,000 for FY86 MCP and the dormitory furniture replacement program.

Factual Error. The question reflects an increase of $5,824,000 growth for FY85 MCP. The actual figure reflected in the FY86 President's Budget is $8,639,000.

Question. Provide a funding profile of the Rivet Mile Program from FY 1985 to FY 1988. Describe any changes between years.

Answer. Funding requirements for the Minuteman Rivet Mile Program from FY 1985 to FY 1987 are as follows:

[In millions of dollars]

	FY 85	FY 86	FY 87
Program Element 11213—Minuteman Squadrons:			
Appropriation 3020	8.6	10.5	9.0
Appropriation 3400	2.0	1.6	2.5
Program Element 11894—Real Property Maintenance Activities:			
Appropriation 3400	16.3	29.1	29.0
Program Element 71112—Inventory Control Point Operations:			
Appropriation 3400	.3	.7	.7
Program Element 72207—Depot Maintenance (Non-IF):			
Appropriation 3400	10.9	21.9	21.1
Total	38.1	63.9	62.3

Program growth from FY 1985 to FY 1986 results from the fact that Rivet Mile is only in full operation for three months in FY 1985 versus 12 months for FY 1986. Changes from FY 1986 to FY 1987 reflect normal cost growth adjusted by minor changes in requirements. The FYDP beyond the budget year is an internal record of proposed program and resource requirements and includes programs that will be deleted, deferred, and repriced. It includes no narrative explanation and may, in fact, not agree with the President's outyear budget. Such data could be misinterpreted, thereby consuming many unproductive hours, on the part of both our staffs, explaining differences between updates and subsequent budget requests. For these reasons, we have not addressed funding for FY 1988.

STRATEGIC—OTHER DEFENSIVE OPERATIONS

Question. You request $10,281,000 for T-33 aircraft maintenance contracts. What is the programmed phase-out of the T-33? Your personnel summary identifies a decrease of 78 enlisted personnel as a result of this contract. Even assuming these personnel can be replaced for a full year, at a total average enlisted military/compensation cost of $40,000/year the cost savings is only $3.1 million. Why does it cost $10.3 million to contract out for $3.1 million worth of service?

Answer. The Air Force no longer plans to contract out the T-33 aircraft maintenance. A decision has been made to retire the T-33 aircraft and use the $10.3M contract money to begin contracting for T-33 Faker mission requirements.

Question. Provide a discussion of the need for the SPACENET Office Information and Management System, to include a funding profile by appropriation and what benefits will be derived that are not now available.

Answer. The SPACENET Office Information System (OIS) and Management Information System (MIS) is to satisfy the Space Command requirements for office automation support to increase office productivity at the executive, action officer and secretarial levels, provide the capability to manage key command resources with timely and accurate data, and eventually provide access to long haul communications systems. Currently no capability of this type exists in Space Command. Information sharing and communications are limited to mail, telephone, and telecommunications center capabilities. The proposed system will provide such benefits as:

a. The needed capability to support increasing office information and management information system requirements.

b. Interactive system using electronic mail, functional computing, scheduling, calendaring, word processing, graphics teleconferencing, and information sharing.

c. Flexible and reliable transmission of data, video, and graphics.

d. Intelligent information and transmission networking.

e. A capability for system/network control and monitoring. Funding required to execute the SPACENET program is as follows:

Fiscal year 1987

	Millions
3080	5.5
3400	3.4

Question. How many personnel are assigned to Space Command headquarters and why is it necessary to have 1,000 work stations?

Answer. There are 972 management headquarters authorizations within Air Force Space Command. The 1,000 work stations refer to the design capacity for connections within the local area net for the office information and management system. This is based on a building capacity of 1,622.

Question. What is the acquisition strategy for this project—lease or buy, not only for ADP equipment, but communications and local area network?

Answer. Under the acquisition strategy, the SPACENET ADP equipment and intra-building connectivity will be purchased. Communications to field units would be via existing leased long-lines.

STRATEGIC T&CCP

Question. The Strategic War Planning System (SWPS) is being funded in full in Program 1 in FY 1987. How much was funded for this program in Program 2 in FY 1986 and what page does the corresponding decrease in FY 1987 show up?

Answer. Prior to FY 1986, SWPS was not funded in Program 2; it was jointly funded in Programs 1 and 3. In FY 1986, there is no funding for SWPS in Program 3. The funds were deleted from Program 3 in the President's FY 1986 Budget submission as part of the functional transfer to Program 1. The decrease was one of the changes resulting in the amount shown on page 208 of the Justification of Estimates for FY 1986. It was also documented in the FY 1986 Congressional Budget Justification, Volume III, General Defense Intelligence Program, page 311. Because the decrease in Program 3 was reflected in FY 1986, there is no decrease shown in FY 1987.

Question. In FY 1986 you requested an increase of $8,099,000 for WIS software to support the November 1985 delivery of WIS equipment. Why do we not see a decrease in FY 1987 to reflect completion of this development effort?

Answer. The funding increase requested in FY 1986 was to support contractual services to begin modernization of SAC-unique command and control software. Requested amount was reduced $2.0 million by the HASC. The remaining FY 1986 expenditures address program start-up costs for program management support requirements definition, validation of the architectural approach, software design, configuration sizing, and configuration management activities. These activities will continue and will be instensified in FY 1987 with the phase over to actual software development activities.

Question. Why is there not a decrease in FY 1987 as a result of reduced requirements associated with one-time start-up costs of $2,146,000 in FY 1986 for SHF capability for ICBM Launch Control Centers?

Answer. In FY 1986, funds are required to support the start of two new programs, an SHF capability for Launch Control Centers and upgrade to the SAC Command Center. Since these programs will provide a new command and control capability, funding support must continue to be provided in FY 1987 and out.

Question. How much was spent for GWEN contract maintenance support in FY 1986 and for what period of time?

Answer. The Initial Connectivity Capability (ICC) phase, which consists of nine relay nodes, eleven receive only terminals and three input/output terminals, is currently being contractor maintained and the support for all of FY 1986 is expected to cost approximately $1.2 million.

EUROPEAN DISTRIBUTION SYSTEM (EDS)

Question. In FY 1986 the Congress reduced the European Distribution System (EDS) by $2,250,000 based on the rationale that the Air Force has overstated the peacetime mission requirements of this wartime system. The Air Force was also directed to develop an operational plan for FY 1987, in conjunction with the U.S. European command to provide theater airlift support with EDS. What impact did the FY 1986 reduction have on EDS operations? What is the status of the new peacetime operating system for EDS?

Answer. The Air Force did not overstate the requirements for the system. The cut came at the same time as the last aircraft was delivered. Although the EDS was just beginning operations, it had a significant impact on readiness. The peacetime use of this wartime system provided absolutely essential aircrew training, ground handling training for transportation personnel and gave USAFE otherwise unobtainable experience in the European environment. The cut not only impacted the C-23A operations, but the system as a whole. Specifically:

a. The time a USAFE weapon system is out-of-commission for a MICAP/999 lateral parts support increased.

b. Aircrew proficiency and experience level will be adversely impacted.

c. USAFE bases will receive fewer flights to move their daily MICAP/999 lateral support items.

d. Flying units deployed from CONUS to collocated operating bases in Europe may not receive MICAP support.

e. Flights to off-continent locations such as Sicily or Norway are discontinued or severely restricted.

JCS has tasked EUCOM to examine the EDS in a multiuser role as directed by the FY 1986 Appropriations Committee language. The Air Force has reduced flying commensurate with the $2.25 million cut. EDS space available capacity has been made to the other EUCOM components. The other components have not made much use of the capacity since they each operate significantly larger numbers of dedicated operational support aircraft and Service unique missions.

Question. The narrative justification for the $2,165,000 increase for EDS flying hours refers to EDS as an Air Force dedicated parts distribution system. Does this mean that the additional flying hours requested in FY 1987 are required for the same reason they were requested and denied in FY 1986?

Answer. The $2.165 million increase is for the operation and maintenance of C-23A activities. Congressional language directed that a multi-service mission be developed for the C-23A. The U.S. European Command has been asked to submit that plan. The flying hours included in the baseline for that program are those funded in the FY 1987 President's budget.

Question. Why is a 3.0 crew ratio so critical to wartime requirement for EDS?

Answer. A 3.0 crew ratio for the European Distribution System Aircraft (EDSA) is necessary to meet the wartime utilization rate of ———.

TACTICAL FIGHTER SUPPORT

Question. Please provide a discussion of the USAFE Polygone Electronic Warfare Range request for $8,900,000. Include a funding profile, the requirement this satisfies, how that requirement was satisfied in the past, who owns and operates the range and how costs are prorated amongst participating nations.

Answer. The $8.9M is to convert the Polygone Electronic Warfare (EW) Range from a Blue Suit operation cost to an Operation and Maintenance (O&M/3400) cost. The O&M funding profile is as follows:

[In thousands of dollars]

EEIC	Item	Cost
40X	Travel	60
472	ADPE Rental	24
492	Leased Comm Line	203
52X	Maint, Repair and Minor Construction	70
569	Other Maintenance Equipment	10
582	Data Processing	50
591	Reimbursable Other Mil Services	75
592	Misc Contractor Services	7,827
604	Medical/Dental Supplies	1
609	General Support Supplies	430
628	General Equipment	50
637	ADPE	50
641	Fuel (6 Threat Sims)	50
	Total	8,900

The Polygone EW Range concept was established in July 1979 with a ministerial-level MOU signed by the US, France, and the Federal Republic of Germany (FRG). The range will provide US central region aircrews their only facility to exercise and train in electronic warfare, to develop and test tactics, and to evaluate their equipment and capability to conduct combat operations in an electronic environment. Previously, the requirement for US central region aircrews to train in an electronic warfare environment was not being satisfied. US aircrews stationed in the United Kingdom (UK) and F-4G Wild Weasel aircrews assigned to Spangdahlem Air Base in Germany were afforded a limited amount of EW training at Spadeadam EW Range in the UK. However, due to location and limited range time, this training was not normally available to all US central region aircrews.

Polygone equipment is owned and operated by France and the US. There are two US sites in the FRG. The equipment at the two French sites was purchased from the US under the Peace Cognac program. Although the FRG was also a signatory to the original MOU they have not, to date, contributed an capital assets. As a result, US and French aircrews are afforded primary use of the range; Germany, and the other NATO countries, buy any remaining range time on an as available basis as outlined in the MOU. The formula used for prorating time among signatory governments is as follows:

% Range Time = National Contribution ÷ Total Contributions of Signatory Governments × 100

Question. How many flying hours and associated costs will be saved in FY 1987 through establishment of the TAC Gunnery Range for Moody AFB?

Answer. The 347TFW, Moody AFB, will save between 670–700 flying hours per year as a direct result of the establishment of Winnersville range. The monetary savings in flying hour O&M costs total $1.685 million. In addition, estimated savings in maintenance personnel TDY costs to fix aircraft forced to divert to bases close to other gunnery ranges are estimated at more than $20,000 per year. These savings were considered during the development of the FY 1987 budget request.

Question. It appears as though the Air Force consistently overestimates flying hour requirements for F-4 aircraft as they gradually phase out of the inventory. In FY 1984 you estimated 101,131 hours, but flew only 93,577. In FY 85 your original budget estimate was 101,924 hours but you flew only 93,577. Finally, you budgeted for 80,664 F-4 hours in FY 1986, but your current estimate calls for only 77,568. For the past three years you have flown an average of only 93 percent of your estimated F-4 flying hours. Why should we fund any more than 93 percent of your FY 1987 F-4 flying hour request?

Answer. Flying hour requests for F-4 aircraft are programmatic estimates based on scheduled phase-in dates for F-16s as F-4s are phased out. These estimates are made 2 years in advance and are subject to minor inaccuracies and reprogramming as phase-in schedules are changed. Actual flying hour requests and performance for FY 84 and 85 are as follows:

FY 1984

Programmed	101,131
Flown	98,760
Percent	97.7

FY 1985

Original Program	101,924
Reprogrammed Due to Force Structure Change	94,709
Flown	93,577
Percent	98.6

The FY86 estimate is currently being flown at 100%. We are highly confident that the FY87 estimate is accurate. Currently we foresee that any force structure changes would result in an increase, rather than a decrease, in this figure.

TACTICAL RECONNAISSANCE

Question. The Air Force appears to be overestimating its TR-1 support costs. Your original FY 1984 estimate of $58,722,000 turned out to be only $43,299,000. Your original FY 1985 estimate of $79,888,000 actually became $58,066,000. Your FY 1986 request of $107,914,000 is now estimated to be only $98,554,000. What has caused the TR-1 program to spend out less than estimated? It appears that you overestimate flying hours.

Answer. TR-1 flying-hour estimates for FY 84-86 were based on user's estimates of their operational requirements and U-2 historical data existed. As we gained experience in TR-1 operations during the last half of FY 83 and in FY 84 we found that our flying-hour estimates were too high due to:

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—A slower aircraft delivery schedule than originally planned.

—Lower TR-1 continuation training sortie duration at RAF Alconbury (approximately 30 percent).

—Training program for TR-1 aircrews: presently, mission qualification training for TR-1 air crews requires fewer hours.

An additional factor in FY 85 was a U-2/TR-1 fleet grounding for four months due to a series of accidents.

We have applied "Lessons Learned" to our FY 87 budget submission and have lowered the flying hour request by 2171 hours. Outyear request will be reduced by similar amounts reflecting these lessons and refined as we accumulate historical data.

Question. What are the annual O&M support costs for existing EF-111 Operational flight Trainers?

Answer. EF-111 flight Trainers are not yet operational. The O&M cost is estimated and budgeted at $2.25M per year for each simulator and includes Contractor Logistics Support.

Question. When were the 2 new Trainers scheduled to become operational and is this date still good?

Answer. TAC EF-111 Trainer—Aug 86; USAFE EF-111 Trainer—Jan 87.

Because of unsatisfactory performance during USAF acceptance testing, the TAC EF-111 Trainer is now scheduled to become operational November 1986. The USAFE schedule remains unchanged.

Question. What is the basis for the $4,301,000 estimate for PLSS CLS in FY 1987?

Answer. The contractor logistics support (CLS) funds in 1987 were programmed to provide:

a. Contractor logistics support at the PLSS CONUS test site (Nellis AFB) for the Interoperable Ground Data Link (IGDL). There will be three links at the test site.

b. Contractor logistics support at the European PLSS fixed ground station for the IGDL. Four links were planned.

c. Contractor provided Engineering Technical Services (ETS)—field engineering—to support site activation and check out of the PLSS European ground station computer equipment (not related to the IGDL).

d. Contractor logistics support for the site activation and check out of the PLSS European ground station (also not related to IGDL).

Although the PLSS production program is cancelled, the prototype testing continues and the O&M supports this program.

COMBAT SUPPORT

Question. The Committee has been very supportive of all the Services in their attempts to build the inventory of chemical and biological defense equipment. In FY 1986, the Committee approved funding of $49,487,000, almost double the previous year, because we agreed that this program was important. Why do you only plan to spend $36.695M for CB Defense equipment instead of the $49.487M appropriated?

Answer. Because of non-availability of improved protective ensemble components, the FY 86 funding was adjusted from $49.487M to $36.695M. The Defense Personnel Support Center will have some of the components ready for procurement in FY 87 and the rest in FY 88.

Question. Are you confident that you will be able to spend the full $43.073M requested in FY 87?

Answer. The Air Force is confident of being able to procure a total of $43.073M worth of CB defense equipment in FY 87. We have coordinated with sources of supply to ensure needed items will be available. We need the full $43.073M for the following reasons: the requirement for protective suits has increased from 3 to 5 per person; fielding of 122 Survivable Collective Protection Systems (OPAF funded) in FY 87 versus 33 in FY 86 will require increased O&M support funding; and the number of personnel requiring protective gear has increased.

Question. Provide a funding track for the GLCM program for FY 1985, 1986, and 1987 by type of cost.

Answer.

GLCM FUNDING TRACK

[In thousands of then year dollars]

[illegible]	FY 85	FY 86	FY 87
01 Civilian Personnel	3,552	8,374	8,564
02 Travel of Persons	1,568	2,507	3,878
03 Transportation of Things	473	746	851
05 Other Utilities and Rents	13,166	19,580	24,347
06 Communications	3,312	1,309	1,938
07 Printing and Reproduction	13	53	72
08 Payments to FNIDH Personnel	6,226	4,384	6,907
09 Purchased EQ Maintanence CML	1,043	2,036	1,537
12 Other Purchases From IF	9	0	46
13 Other Purchased Services	63,672	73,981	121,365
16 Other Supplies	27,399	30,854	34,749
17 Equipment	7,832	12,858	15,017
Total PDP 1287 GLCM flights	128,216	157,782	219,261

Question. What was the activation schedule for the two remaining GLCM sites used to develop FY 1987 Budget estimates? Has the schedule changed and, if so, what are the budgetary impacts?

Answer. The schedule for the two remaining GLCM sites used to develop the FY 87 President's Budget has not changed. It remains: ———.

OTHER C2 TACTICAL OPERATIONS

Question. Why are 3 additional Compass Call deployments required in FY 1987 when you are going to beddown Compass Call aircraft in Europe in FY 1987? How many Compass Call aircraft will be deployed in FY 1987 and to where and how many Compass Call aircraft will be permanently assigned to Europe?

Answer. In FY 1987 the Compass Call program will have 2 operational units, one CONUS and one in Europe. The 3 additional deployments in FY 1987 are required to support the 41 Electronic Combat Squadron (ECS), Davis Monthan AFB, Tucson, AZ. ———.

Question. Please break out the $7,203,000 to beddown two AWACS aircraft in Alaska.

Answer: Travel, $753,000; Transportation of things, $6,450,000.

The transportation line provides for transfer of E-3 support equipment, base level self-sufficiency spares (BLSS) and the initial spares support list (ISSL) from CONUS to Elmendorf AFB, AK.

Question. Describe the requirement for closed circuit TV between HQ PACAF and subordinate units?

Answer. For purposes of clarification, CINCPACAF's dedicated secure voice and video conferencing capability is not a closed circuit TV system but a slow scan, freeze frame video teleconferencing (VTC) system. The VTC satisfies CINCPACAF's need for dedicated, secure, and highly reliable tactical command and control connectivity with subordinate commanders for timely decision making in wartime and crisis situations given the close proximity of potential adversary forces to forward deployed Pacific Air Forces. Existing secure voice and record data systems do not provide a complete capability for PACAF tactical command and control. These common user systems are susceptible to preemption and the data backlog delays ———.

Question. The Committee has read recently about the inability of the Air Force to deploy command and control ADP systems into combat situations. Won't wings/squadrons be placing too much dependence on these C2 systems in peacetime that they won't be able to use in wartime? Will the units have fall back systems to utilize if they can't use the automated systems?

Answer. The systems discussed in the President's Budget are primarily for fixed sites. In particular, the Wing Command and Control System (WCCS) is being put at USAFE wings that do not deploy. The system is being designed as a wartime system. The methods being used for survivability include redundancy through distributed processing, a Local Area Network, and workcenter networks. The main processor is being put into a hardened site. Communication links are being buried and fiber optics are planned. The objective is to make the data as survivable as the people doing the work.

As regards the status of forces information discussed in the President's Budget (FY87 J Book, page 146), the terminals being procured are deployable for wartime use.

The fallback position is to revert to methods we use today. These methods include "grease boards" and telephones for wing command and control and AUTODIN or courier for transmission of status of forces information.

Question. The Air Force appears to be deliberately underfunding its TAF Management Headquarters funding in the budget year and current year, and then shifting excess funds into the program, as evidenced by the following chart:

[Dollars in thousands]

	FY 1984	FY 1985
Total request	$51,349	$57,521
Current year estimate	$53,985	$58,968
Actual	$64,599	$72,213
Total change (percent)	+21	+37

Provide a track of FY 1984 and FY 1985 estimates by type of cost from the initial estimate to actuals. Explain the reasons for cost growths. If the Air Force is consistently able to shift from $13 to $20 million into this account, there must be an unidentified surplus lying around that you can call upon.

Answer. We do not maintain the data detail required to answer your question at this level. In order to obtain the specific areas and reasons for increases and decreases we must obtain the data from the field commanders. We expect to complete our analysis by July and will provide the information as soon as it is available. We agree that the budget underestimated the requirements for FY84 and FY85. This was remedied during budget execution by moving funds from lower priority programs in MFP 2 to cover fact-of-life requirements in TAF management headquarters. Accordingly, the growth reflected in the TAF management headquarters was not attributed to an unidentified surplus, but the realignment of funds previously supporting lower priority or deferrable requirements.

GENERAL PURPOSE FORCES T&CCP

Question. Please provide a discussion of the REDCOM Command Post upgrade to include the requirement for the upgrade, readiness improvements, a funding track by type of cost for FY 1985, 1986 and 1987, and the impact if the funds are cut.

Answer. The baseline requirements were established in US Readiness Command (USREDCOM) Required Operational Capability (ROC) 1-82, "WWMCCS Required Operational Capability for Modernization of the USREDCOM Command Center", 23 Feb 82.

The baseline design solution was established in the report "USREDCOM Command Center Upgrade: Technical Analysis and Cost Estimate (TA/CE)" by the MITRE Corp, May 1983, as approved by USAF Systems Command. USREDCOM ROC 1-82 was validated by the JCS on 20 Oct 1983 (MJCS-237-83).

Requirement Summary:

site preparation to accommodate planned upgrade of existing WWMCCS Automated Data Processing systems to new WWMCCS Information System (WIS).

interior Command Center modification to accommodate WIS equipment and the combined USREDCOM/Joint Deployment Agency (JDA) Operations Center staff.

modifications to the Senior Battle Staff Control Center (Green Room) to accommodate WIS. USREDCOM/JDA will be the second unified command to receive WIS; site preparation of the computer center, command center, and senior battle staff control center are necessary to prepare for the transition and installation of the new WIS equipment.

This modernization program enables USREDCOM/JDA to install the WIS systems, interface their command and control systems with other DOD elements, and accommodate the Joint Operations Center organization.

This USREDCOM WWMCCS facility provides ADP support to US Central Command (USCENTCOM), US Southern Command (USSOUTHCOM), Alaskan Air Command, Air University, and several other organizations.

The current funding track is:

[In millions of dollars]

	FY85	FY86	FY87
Other procurement	0	1.395	3.686
MILCON	0	0	1.6
O&M	[illegible]	[illegible]	[illegible]

Failure to provide these funds will preclude preparation of the Joint Operations Center and the acquisition of initial command and control work stations. This will preclude REDCOM/JDA from participating in the World Military Command and Control System as proposed and deny a capability to plan for and deploy U.S. combat forces with the speed required. Remaining $1.677M provides funds for the Joint Operations Planning and Execution System, Joint Exercise Simulation System, and the Joint Theater Level Simulation System.

Question. Is the CINC C2 Initiative request of $1,134,000 similar in nature to the CINC C3 Initiative Fund budget last year by the JCS? Are there definite, preplanned projects associated with these funds, or is it a contingency fund?

Answer. The CINC C2 Initiative Fund budgeted last year by the JCS is very similar to the CINC C2 Initiative request referenced in the first line of the above question. The major difference is that the funds to support the CINC C2 Initiative Program are now resident in the Services' budgets. There are definite, preplanned projects associated with these funds. Each year in the July-September time frame prior to the budget year, the CINCs nominate projects for funding consideration to the OJCS. Upon approval of the then-year budget, funds are allocated for those projects approved by the OJCS. These funds are not contingency funds; rather they provide near-term C3 improvements that must be accomplished that year.

Question. There is no justification for the request for $2,898,000 for TAF base and command C3. Why is this increase required? Why aren't FY 1986 funding levels sufficient?

Answer. Increase provides for customer premise equipment i.e., telephones, key systems and related peripheral equipment, at 11 U.S. bases allowing competitive purchase in place of sole source lease. These bases are currently dependent upon local telephone company support of leased equipment. The program will allow mission support to continue until major upgrade programs can be implemented in FY88–93. Also includes additional maintenance supplies and personnel support for operation and maintenance of base communications equipment.

FY 1986 funding levels did not include funding for these additional requirements.

GENERAL PURPOSE FORCES BASE OPERATIONS

Question. You request an increase of $9,046,000 to centralize UK Base Operating Support. Identify the page number where other MFP's are reduced accordingly?

Answer. The increase of $9,046M for "United Kingdom Base Operating Support" is the additional contract cost in MFP 2 of a conversion from in-house to contract in FY86 combined with a consolidation of the contract cost in MFP 2 in FY87. In FY86, 1,700 foreign national indirect hire employees in several MFPs were converted to contract through the U.K. government in accordance with a DOD/UK agreement. In FY87, 425 military spaces will be converted to contract, and the full cost of the contract is budgeted in MFP 2. The consolidation of contract costs into MFP 2 resulted in the transfer of the following amounts from other MFPs:

[Amounts in thousands of dollars]

MFP	Amount	Page(s)
1	820	58
3	504	216, 730
7	1,749	353, 441, 454
8	1,405	530, 567
9	76	593

The remaining amount of the total increase in MFP 2 is the contract cost of replacing the military spaces that will be converted in FY87.

Question. Why are European Base Maintenance contracts increasing by $16,691,000?

Answer. The following requirements necessitate increased funding in European Base Maintenance Contracts (BMC):

a. Fourteen New Colocated Operating Bases opening in the Mediterranean Region.

b. New addition added to Kordon Hotel (Billeting at Izmir) increases support services.

c. Turkish BMC contractor has assumed Air Force responsibility of augmenting the Army customs services mission.

d. Increased fleet requiring motor vehicle maintenance for munitions storage sites.

e. Collective Labor agreements/Governmental decrees—similar to cost of living adjustments. Historical trend is a big increase negotiated every other year.

f. First year of a new Spanish contract/contractor. Added requirements include increased barrier maintenance to seven days/weeks, additional environmental/mechanical engineering support, contractor chief of services, and establishment of a last look supply program.

g. New Moron BMC requirements are for Shuttle launch recovery site, NASA warehouse, Air Operations Building, two dormitories, and two support facilities.

Question. You requested funds for what appeared to be one-time requirements in FY 1986 for which there are no corresponding FY 1987 reductions. Please explain why there are no decreases from:

CAMS software development	+1,550
Air Base Survivability Passive Defense	+10,000
Implement PACAF Distribution System	+690
Life Support Systems Improvements	+1,300
Modernization of SBSS Data Entry	+2,300

Answer. There are FY87 changes for the above items which were not narrated.

A. CAMS Software Development: The FY 1986 funding requirement for the Core Automated Maintenance System (CAMS) is not a one-time requirement. The FY 1987 funding is required to purchase terminals and peripheral equipment with a unit price of less than $5,000 and for the payment of maintenance costs for all CAMS purchased equipment.

B. Air Base Survivability Passive Defense: In the FY86 President's Budget submission, the Secretary of Defense inserted $10 million for the Air Force to accelerate purchase of movable concrete revetments and rapid runway repair concrete slabs at bases in Europe for protecting unsheltered US. Aircraft and support equipment. This is not a one-time requirement but is an ongoing program which began in FY86. There was a one-time add of $20M in FY86 fundi[illegible] provided for a limited series of bilateral agreements for protecting US tactical air augmentation forces. These funds were backed out in the FY87 budget on page number 190 of the Operational and Maintenance Justification Book.

C. Implement PACAF Distribution System: The FY86 figure represented those monies necessary to field, operate and maintain the logistics command, control and communications (LOG C3) portion of the PACAF Distribution System. This system provides more effective scheduling and movement of parts between bases and rearward maintenance facilities. FY87 funding supports continued operation and maintenance of the LOG C3 portion of the system.

D. Life Support Systems Improvements: Life Support Systems Improvement is an on-going program for newly developed aircrew life support equipment such as high performance anti-G values, exposure garments, auto life preservers, and seawater parachute release. The FY 1987 requirement is $800,000. The decrease (–$500,000) between FY 1986–1987 was not specifically narrated in the justification book, but was considered in the requirements computation.

E. Modernization of SBSS Data Entry: The FY 1986 funding requirement for the Standard Base Supply System (SBSS) is not a one-time requirement. Funding will be required until the SBSS Air Force wide modernization effort has been completed. Current plans call for the completion of the equipment purchase in support of the SBSS modernization effort in FY 1987. After FY 1987 the Air Force will continue to require funding for the maintenance of the modernized equipment.

ROYALTY PROGRAM

Question. Please provide a discussion of the Royalty program. Why was this program not identified in the FY 1986 request? Is this an unbudgeted new start in FY 1985?

Answer. The Royalty program is a classified compartmented program for which details are available to specially accessed individuals.

SCOPE DIAL/SCOPE EXCHANGE

Question. In FY 1986 the Committee again reduced funds associated with new replacement of telephone switches under the Scope Dail/Scope Exchange programs. The committee's reduction was based on the continuing lack of evidence that the Air Force was executing this program in the most cost-effective manner. Has the Air Force validated its acquisition methodology for this program and, if so, how will they procure their new telephone switches in FY 1987?

Answer. Yes, the standard Air Force life-cycle cost methodology will be used, as required by AFR 178-1, prior to contract award to determine the lowest total overall cost. Total contract life cycle (10 years) cost will be computed for the lease, lease with option to purchase (LWOP), and purchase arrangements solicited from each offeror. The totals include values for all contract line items, which include nonrecurring installation, data, training, equipment, recurring monthly maintenance charges, plus estimates for those line items covering optional expansion. Total contract life cycle cost to the Air Force in both "then year" dollars and present value discounted dollars will be determined. The former involves the actual firm price proposed as applicable throughout the life of the contract and thus, is useful for cash flow projections. The latter represents the evaluated cost to the Air Force in terms of present day dollars, assuming a 10 percent interest rate prevails throughout the life of the contract (as required by AFP 178-8). Contract awards will be made to the competitor offering the arrangement which yields the lowest present value discounted total contract life cycle cost as defined above.

Question. An increase of $4,418,000 is requested in Airlift T&CCP for Scope Exchange. Is this the lease of a system or installation of a purchased system? Provide the life-cycle cost methodology to determine what acquisition method was used for this replacement? Identify the page number of all Scope Dial/Scope Exchange funds requested for FY 1987 by the Air Force?

Answer. The funds are to support system acquisitions for Dover, Travis, and Charleston AFBs. The contracts will be awarded based on the lowest total overall life cycle costs. Based on bids received in previous acquisition efforts, we anticipate that the lowest overall life cycle cost financing method will be lease with option to purchase and have, therefore, requested Operation and Maintenance funds. The acquisitions have not been made for these 1987 replacement requests.

The standard Air Force life-cycle cost methodology will be used, as required by AFR 178-1, prior to contract award to determine the lowest total overall cost. Total contract life cycle (10 years) cost will be computed for the lease, lease with option to purchase (LWOP), and purchase arrangements solicited from each offeror. The totals include values for all contract line items, which include nonrecurring installation, data, training, equipment, recurring monthly maintenance charges, plus estimates for those line items covering optional expansion. Total contract life cycle cost to the Air Force in both "then year" dollars and present value discounted dollars will be determined. The former involves the actual firm price proposed as applicable throughout the life of the contract and thus is useful for cash flow projections. The latter represents the evaluated cost to the Air Force in terms of present day dollars assuming a 10 percent interest rate prevails throughout the life of the contract (as required by AFP 178-8). Contract awards will be made to the competitor offering the arrangement which yields the lowest present value discounted total contract life cycle cost as defined above.

The Air Force has made the following requests for Scope Dial/Scope Exchange funds for FY 1987:

a. Other Procurement Appropriation Estimates, Telephone Exchange, pp. 330-345, $46.997 million of $76.590 million requested supports Scope Dial ($38.761 million) and Scope Exchange ($8.236 million).

b. Operation and Maintenance Air Force. MFP I, page 46, shows $1.295 million decrement due to one-time installations in fiscal year 1986; MFP IV, page 296, shows increase of $4.929 million to support three fiscal year 1987 installations; MFP VIII, page 542, shows a $1.305 million increase for one fiscal year 1987 installation and a $1.677 million decrement for a one-time installation charge in fiscal year 1986.

MOROCCOS REFUELING FACILITIES

Question. Please provide a discussion of the program to modify and move 200 railroad cars for use in Morocco. Who will have operational control of these rail cars? Will aviation fuel be stored in these railroad tank cars and, if so, why is this program not funded by the Defense Fuel Stock Fund? Can the fuel be moved outside of Morocco on these railroad cars? If so, where? If not, why can't we just store the fuel in normal fuel tanks?

Answer. Rail resupply is an integral part of the Morocco MILCON concept and program. This shipment mode will accommodate transfer of jet fuel from shore tankage at the port ———. The required capability to move bulk product was sized at 200 each 10,000 gallon tank cars. 123 excess DOD tank cars were obtained through the Military Traffic Management Command (MTMC) and are currently being stored under U.S. Army custody at Ft. Eustis, VA. Additional assets are to be provided when available. The U.S.-designed tank cars will require chassis modification to accept the European coupler/bumper system used in Morocco. Other alternatives to rail resupply, and the use of existing tank cars, are being examined in detail.

Operational control of the tank car assets would remain with the U.S. Maintenance may be accomplished via contract after consummation of a negotiated agreement relating to the Moroccan rail system as an entity.

The tank cars will be utilized to ship jet fuel, not serve as a source of storage capacity. Aviation fuel bulk storage is programmed for construction or rehabilitation at the port and airfield. Custody of these assets will transfer from the Army to the Air Force at the time a decision is made to begin modifications. Funding is not within the auspice of the Defense Fuel Stock Fund.

While the fuel to be stored in this system is intended for use in-country, the capability would exist to reship fuel from the air base via rail back to the port for upload to a tanker and subsequent consumption outside Morocco. This capability is essential to permit product rotation should in-country U.S. demands during exercises, etc. not be sufficient to maintain fuel quality specifications or prevent product stagnation. The rail system also offers flexibility to transship jet fuel to other potential operating locations within Morocco.

SLOWDOWN OF SPARE/REPAIR PART ACQUISITION PROCESS

Question. The Air Force identifies the number of buy notices or purchase requests that should be, but are not processed in any given fiscal year. It appears as though the number of buy notices [illegible]

1987. Could you explain to the Committee what is causing these delays? What is the Air Force doing to solve the problem and when can we expect to see a downturn in the backlog?

Answer. The number of buy notices cited in the question include both initial and repeat buy notices. An initial buy notice is output to the item manager when the reorder point is reached. After 60 days have elapsed, repeat buy notices will be output to the item manager monthly until the buy notice is processed and the automated systems updated. While only one buy is initiated, several buy notices may be attributable to a single item. The absolute numbers cited in the question, therefore, are not related to processing delays and not indicative of backlogs.

Delays in the processing of buy notices have been attributed to Public Law 98-369, the Competition in Contracting Act. To effectively implement and enforce this law, added administrative steps and reviews have been necessary. We are currently implementing system changes in two phases which should greatly improve processing performance. In the first phase, the Electronic Purchase Request System will be developed within the Contract Data Management System (CDMS). In the second phase, the CDMS will be linked to the Requirements Data Bank. Both actions will reduce the number of cumbersome administrative actions while providing greater speed and efficiency in buy processing. Continued Congressional support for these systems will be essential to improve the timely processing of buy requests.

PROCUREMENT OPERATIONS

Question. There is an inconsistency between your budget justification which identifies an increase of $3,184,000 resulting from a net increase in civilian workyears and the personnel summary, which identifies a net decrease in civilian workyears. Which is correct? What should be the decrease associated with the 76 workyear reduction?

Answer. The $3,184,000 net increase in civilian personnel costs results from the effects of a new workyear decrease in FY 1987 and reduced manpower funding in FY 1986 resulting from TRIM adjustment.

Total manyears decrease by 76 in FY 1987, resulting in a decrease of $1,986,000. However, due to the Congressionally mandated TRIM reductions, $5,170,000 in civilian personnel costs were unfunded in FY 1986. Thus, overall FY 1987 funding shows an increase despite the manyear reduction.

Procurement Operations activities are a high priority activity because they implement numerous defense procurement reforms. The Air Force Systems Command and Air Force Logistics Command are making an effort to fund FY 1986 manyears within available resources.

INVENTORY CONTROL POINTS

Question. Throughout the performance criteria section of Inventory Control Points it is discussed that workload projections made in the FY 1986 request increased because of additional tasks or revised criteria, and that there was insufficient manpower to handle the increased workload. If that is the case, why are you decreasing your civilian manpower by 117 workyears in FY 1987?

Answer. The overall reduction of civilian personnel in inventory control for FY 87 was primarily the result of an Air Force initiative to programmatically reduce civilian end strength growth and associated workyears and to provide offsets for higher priority programs.

Question. Can the Air Force document any savings derived from its competition advocacy function?

Answer. Yes, but it is difficult to document total realized savings derived from the competition advocacy function. Virtually all new acquisitions are competed and result in savings when compared to what costs would have been in a sole source situation. The overall Air Force competition goal for FY 1986 is 42 percent of the procurement dollars. Through the second quarter of the fiscal year, the Air Force awarded 50% of its contract dollars competitively. The $12.3 billion placed on competitive contracts during the first half of FY 1986 equals the total amount competed during all of FY 1984. Since October 1985, Air Force contracting officers have signed almost 1.5 million individual contractual actions. An Air Force record of 88.8 percent of these actions were competitively awarded. The benefits from competition also include improved delivery performance, and increase in the industrial base and improved quality.

In one area, replenishment spare parts procurement, the Air Force documented $450.3 million in cost savings or avoidances for fiscal year 1985. This amount was included in the Report to Congress on Spare Parts Management Reforms submitted in February 1986. The fiscal year 1985 savings resulted from all the spares procurement initiatives not just competition alone.

INTERIM CONTRACTOR SUPPORT

Question. ICS for the A-10 INS was scheduled to end in FY 1985, but is now programmed through FY 1987. What drives this requirement? When will the Air Force obtain in-house capability?

Answer. The extension of this requirement was driven by the failure of support equipment to meet Air Force acceptance standards. This problem was recognized shortly after the FY 1986 budget was submitted. The Air Force took positive management action and expects to receive acceptable support equipment in early FY 1987. In-house capability will be obtained in late FY 1987 at completion of operational test and evaluation and training of Air Force technicians.

Question. What is the status of AMRAAM production and will ICS be required in FY 1987?

Answer. AMRAAM Low Rate Initial Production (LRIP) is scheduled to begin in FY 1987 with an anticipated buy of 260 missiles split between the leader (Hughes Aircraft Company) and follower (Raytheon Company) contractors. The program will be formally reviewed in the spring of 1987 by the Air Force and DOD prior to obligating the full go-ahead funds for this Lot 1 LRIP. While Interim Contractor Support (ICS) formally commences with the Lot 2 buy in FY 1988, 8.8 million of the FY 1987 3400 Operation and Maintenance funds will pay for preparatory work for ICS.

MODERNIZATION

Question. In the FY 1986 budget request, the Air Force estimated FY 1985 funding for modernization to be $352,339,000; however you only spent $275,995,000, over a 20 percent reduction. What caused this reduction? Were there any planned aircraft/missile modifications that you were unable to perform and was this due to funding constraints?

Answer. There were no planned aircraft/missile modifications that could not be performed in FY 1985 due to funding constraints. The reduced level of spending resulted from unanticipated cost reductions in some modifications and unanticipated kit slippage caused by requirements for increased competition. Cost reductions for many modifications resulted because of improved learning curve experience. Costs tended to be reduced because of Air Force emphasis on cost reduction and increased competition. Costs were reduced on the C-5B wing modification, for example, because substantial overhead costs could now be shared with new C-5B production. Other modification schedules slipped because increased competition for kits delayed kit procurement. These trends in reduced cost and kit availability have been fully considered in the FY 1987 budget.

Question. A similar situation occurs in FY 1986 where funding decreases by close to 20 percent. Is this a result of more favorable prices? Are you finding that it is costing you less than you anticipated to perform required work?

Answer. It is costing us less to perform the work than we anticipated, but that is not the only cause for reduced costs. The reduction of overall modification requirements in FY86 is basically due to the C-5 wing modification cost reduction based upon Lockheed winning the C-5B production contract. The two contracts share overhead costs, etc., so the FY86 wing modification unit cost decreases. We are experiencing longer lead times than anticipated in procurement due to the change in public law. A few modifications were accelerated into prior years for cost savings. Additionally, better labor cost estimates were obtained subsequent to one year of actual installation for some modifications. Therefore, FY86 costs are less tnan originally anticipated to perform required work due to the aforementioned reasons. These adjustments are reflected in our present FY87 modification requirements.

Question. Have you fully funded your aircraft and missile modification requirements in FY 1987?

Answer. Aircraft and missile modification installation requirements are fully funded in FY 1987. New estimates were made consistent with our FYs 1985 and 1986 modification installation requirement reductions.

TRANSPORTATION

Question. Current FY 1986 estimates for transportation costs are over $25 million less than appropriated amounts. Is this a result of less than anticipated inflation, reduced requirements, or what?

Answer. Reduced requirements, especially in procurement of equipment, and initial and replacement spares. Also, reductions caused by the Gramm-Rudman-Hollings Act were necessary to remain within TOA available for AF Operations. Reductions in transportation were essential to insure a balanced Air Force support program.

Question. Why are FY 1985 actual costs almost $50 million or 10 percent less than your FY 1985 estimate for transportation contained in the FY 1986 request?

Answer. Reduction of approximately $50M is directly attributable to reductions and changes to the programs supported; i.e., procurement reduced $3.1 billion, overseas flying hour program reduced by 16,000 hours, and delays in prepositioning WRM assets in Europe and SW Asia.

Question. Why are the measurement tons for MSC Second Destination Transportation shipments for FY 1985, 1986 and 1987 exactly the same as those displayed last year for FY 1984, 1985 and 1986 in the FY 1986 budget request?

Answer. MSC tonnages for FY 1985 should read 1,333,938, FY 1986 1,545,900 and FY 1987 1,508,072. The wrong line was inadvertently copied. Dollars requested, however, are correct.

Question. In almost every category of tonnage, you appear to be over estimating your requirements in this budget year. What was the basis for your FY 1986 estimated shipping requirements and why did they consistently fall short?

Answer. Reductions in First Destination Transportation (FDT) tonnage are directly attributable to reductions in procurement; i.e., $3.1 billion in FY 1985 and $3.6 billion in FY 1986. FDT requirements support the movement of new assets, bought F.O.B. origin, from contractor's plant to first point of use, storage, or to air or waterport for shipment overseas.

Reduction in procurement also had a secondary impact on Second Destination Transportation (SDT). Tonnage of those items that would have been procured for usage or prepositioning overseas never materialized Military Sealift Command (MSC) tonnages were misstated in FY 1987 PB. The correct amounts, 1,333,938 for FY 1985, 1,545,900 FY 1986, and 1,508,072 FY 1987 are substantially the same as the FY 1986 budget.

Question. What is the basis for your FY 1987 estimated shipping requirements and why do you have confidence that these are better estimates? What are you doing different insofar as estimating procedures?

Answer. The basis for our FY 87 forecast is as follows:

(1) First Destination Transportation (FDT) requirements are based on the central procurement funding levels and anticipated availability of items bought F.O.B. origin. Example: Appropriation 3020-Missiles: 7% of the amount bought will become available the first year, 32% the second, 36% the third, 15% the fourth, 8% the fifth, and 2% the sixth year.

(2) Half of the Second Destination Transportation (SDT) requirements are based on the Air Force Flying Hour Program by theater of operations (i.e., Europe, Pacific, etc.); ten percent is for over-ocean movement of subsistence and is computed using overseas military strength; and the balance of the SDT requirements are based on specific inputs from Program/Inventory Managers. These Managers review all factors that will impact their schedules; i.e., scheduled maintenance of missiles and special weapons, preposi-

tioning of WRM assets, inventory objective levels, delivery of replacement vehicles to overseas commands, etc.

(3) Overestimation of requirements has not been the only reason for low execution. Unavoidable changes in schedules have been a major contributor; i.e., Department of State unable to get country's permission to preposition WRM in SW Asia, unavailability of storage facilities in overseas country, etc.

(4) We are confident that FY 1987 estimated requirements are as accurate as possible because they have been reviewed many times, all known reductions in procurement and overseas flying hours have been applied, and amounts requested are far below actual expenditures for FY 84 ($546M) and FY 85 ($515M).

LOGISTICS SUPPORT ACTIVITIES

Question. Why are FY 1985 actuals for logistics support activities over 35 percent higher at $298 million than the $219 million you estimated for Logistics Support Activities and Printing/Publication for FY 1985 in the FY 1986 request? What specific programs received the additional funding? How did the growth affect FY86 requirements?

Answer. The increase in FY 1985 actuals was driven primarily by the urgent need to implement the AFLC Logistics Management Systems (LMS) Modernization Program. As detailed in the HAC Report (FY 1986 Approp.), chronic logistics problems which require modernization have existed for over a decade. In recognition of this situation, AFLC made strategic acquisition decisions to enhance competition and insure total system integration. This required funding adjustments in the execution year.

The specific programs which received the additional funding were:

1. Local Area Network	$40,000,000
2. AFLC Near Term Initiatives (NTI's)	5,000,000
3. Program Management Support System	2,400,000
4. Intersite Gateway	4,000,000
5. Intelligent Gateway Processor	1,600,000
6. Stock Control & Distribution	7,76[illegible]
7. Requirements Data Bank	8,700,000
8. Logistics C¶	900,000
9. Enhanced Transportation Automated Data	800,000
10. Automated Technical Order System	1,500,000
11. Acquisition of Micro Computers	5,900,000

The small computer acquisitions created a small increase in maintenance requirements in FY86. The remaining programs had no significant impact on FY86 requirements.

Question. There appears to have been a large gr[illegible] he reproduction of regulations, manuals, pamphlets, et[illegible] 1985. What drove the large increase in FY 1985 ab[illegible] quested amounts? Does a backlog exist in this area?

Answer. Large volumes of operating manuals and computer software documentation were necessary as the Phase IV program was implemented. Other work has remained relatively stable.

Large volumes of aperture cards were necessary to support preparation of technical information packages required as a result of the Competition in Contracting Act of 1984.

Question. You identify a decline in commercial printing and an increase in in-house printing from FY 1985 to 1987. Are you increasing the size of in-house printing plants? Do you find it cheaper to print in-house or commercially? What was the average price per page in FY 1985 in-house and commercial?

Answer. Our review of printing procured through the Government Printing Office compared to printing produced in Air Force printing plants shows:

[Dollar amounts in thousands]

	FY 83	FY 84	FY 85
Field Procurement	$34,088	$24,664	$27,577
Departmental Procurement	$23,232	$22,978	$20,954
Aggregate Procurement	$57,320	$47,642	$48,531
Percentage of Procurement to Printing Production	72.4	69.3	69.2

We are not increasing the size of our printing plants. In fact, we have reduced 3 printing plants to duplicating centers since FY 83, and consolidated or closed 4 duplicating centers. We have established 1 printing plant overseas; and 1 duplicating center to support space operations since FY 83.

Our average cost per printed page in Air Force printing plants and duplicating centers in FY 85 was $0.00166. Our average cost per printed page, as procured through Government Printing Office field contracts, was $0.00146.

INDUSTRIAL PREPAREDNESS TEST RANGES

Question. $1,610,000 is requested for industrial preparedness in FY 1987 to fund an increase of 8 additional full-time staff. This averages out to over $200,000 per year for this staff, which appears to be a little high. Please provide a more detailed explanation for the increase.

Answer. The $1,610,000 increase in industrial preparedness in FY 1987 includes an increase of $1,500,000 to fund a new organization with eight authorized civilian positions. This organization will manage Title III activities under the Defense Production Act.

This initiative was just finalized during the Program Budget Decision process in December 1985. Initially, funds were placed in civilian personnel accounts. A more detailed breakout of this organization's requirements indicates that the major cost will be for contract services ($922,000). These contracts will be primarily for experts with specialized expertise with certain metals and alloys. These services will be contracted since the need for the skills does not warrant full-time positions. Other costs include equipment, supplies, and TDY in addition to civilian personnel.

Question. In FY 1986, an increase of $5,208,000 was provided for the Western Space and Missile Center to "complete installation and checkout of instrumentation I&M projects". Why is there no like decrease for this program in FY 1987?

Answer. As stated in the Justification Book for the FY 1986 President's Budget, the $5,208,000 increase in FY 1986 for the installation and checkout of instrumentation I&M projects is the first year of a four year effort to eliminate the I&M project backlog. This effort continues at the same level throughout all four years; therefore, there is no decrease in FY 1987.

LOGISTICS COMMAND AND T&CCP

Question. Why did funding in FY 1985 for Logistics Administrative Support and Management Headquarters increase from the estimate contained in the FY 1986 request of $93,062,000 up to actuals of $103,076,000?

Answer. The change between the FY 1985 estimate contained in the FY 1986 President's Budget request to the actual amount was the result of an effort to upgrade the work area environment to improve productivity and efficiency. This requirement had been deferred for several years; to the point that employee morale and productivity were adversely impacted. Also impacting the increase was a major fire in the AFLC headquarters building at Wright-Patterson AFB, Ohio, that totally destroyed the Command Section area.

The following is a breakout of the increased costs:

Workplace improvement	+$9.0
Contract services	+3.8
Supplies and equipment	+3.3
Other "fact-of-life" costs	+1.9
Requests due to fire	[1] 1.0

[1] The majority of the repair costs resulting from the fire are reflected in the Base Operating Support (BOS) activity group. The $1.0M reflected above funding necessary contract support required to return the Command Section to an operational status.

Question. What caused the large growth in FY 1985 Base Communications costs from the FY 1985 estimate of $27,551,000 in the 1986 request to actuals of $51,525,000?

Answer. The large growth in FY 1985 base communications costs in MFP 7 from the FY 1986 President's Budget request to actuals is the result of the following programmatic changes:

a. The upgrade of the communications switch at Warner Robins ALC ($10.6 million).

b. The initiation of the HQ AFSC Information System Management Program ($10.0 million).

AIR NATIONAL GUARD TRAINING AIRCRAFT

Question. Both Appropriation Committees directed the Air Force to phase out obsolete T-33 aircraft assigned to the Air National Guard and replace them with 45 T-39 aircraft being retired, to be accomplished by the end of fiscal year 1986, and within existing O&M appropriations to the Air National Guard. Cost savings are estimated to be $30 million over 10 years. Yet, the Air Force's "FY 1987 Base Realignment Announcement" indicates that: (1) obsolete and dangerous T-33's will not be phased out for three more years, and (2) the Air Force intends to contract for a replacement aircraft rather than use T-39's which otherwise will be scrapped. General Swarts, why have your ignored both Appropriations Committee's instructions on this issue? Have you personally examined the merits of the proposal reflected in your budget, which is contrary to congressional intent?

Answer. The Air Force has not ignored the Appropriations Committees' instructions on this issue. The Conference Report (Rept. 99-450) states that the House and Senate agreed that the Air Force must retire the ANG T-33 aircraft in fiscal year 1986 and replace them with 45 T-39 aircraft. The conferees clarified that this action is intended to provide an interim capability until such time that the Air Force budgets for and deploys a permanent replacement aircraft that fully meets the requirements of both the Active and Guard forces for electronics countermeasures training. As part of this interim measure, the conferees directed the Air Force to phase out T-33s in the Active inventory as soon as possible, and either replace them with T-39 aircraft or provide the Guard with sufficient T-39s to accomplish the mission for the Total Force.

The Air Force began phasing out Active and Guard T-33 aircraft in fiscal year 1986 and will complete their retirement in the first quarter of fiscal year 1989. Retiring all T-33s by the end of fiscal year 1986 would create a training vacuum because we could not fulfill the ANG or Active requirements by refurbishing ECM fitted T-39s in time to meet the requirement.

I have reviewed the report on T-39 aircraft provided to Congress on February 28, 1986. The T-39 is not cost effective. It is not an operationally viable approach to providing the electronic countermeasures training to our forces. The report identifies recurring corrosion problems, wing cracks, questionable integrity of other components and costly logistics support. It further concludes the most cost effective method of providing air defense target training is with a contracted capability which we intend to pursue. A fully operational capability will exist concurrent with the phase-out of the T-33 aircraft. This approach agrees with congressional intent "to deploy a permanent replacement aircraft that fully meets the requirements of both the Active and Guard forces for electronic countermeasures training."

Question. How much is budgeted in each fiscal year of your five year defense plan for the "contract" approach that is your proposed alternative.

Answer. The Five Year Defense Program (FYDP) is an expression of fiscal estimates based on projected force levels, procurement initiatives and overall policy direction at a point in time. Each year, the Department conducts an extensive program/budget review, resulting in a wide range of program changes and financial estimates. The FYDP beyond the budget year is an internal record of proposed program and resource requirements. It includes programs that will be deleted, deferred and repriced. It also includes candidate programs that may be incorporated during subsequent reviews. Importantly, it includes no narrative explanation and may, it fact, not agree with the President's outyear budget projections. Such data could be misinterpreted, thereby consuming many unproductive hours on the part of both our staffs, explaining differences between updates and subsequent budget request. For these reasons we have not provided the outyear data requested. The funding profile intended for the T-33 contract replacement for FY86 and FY87 is as follows:

Appropriation 3400:	Millions
FY 86	0
FY 87	$10.3

These funds were initially programmed for T-33 contract maintenance (as shown in the FY87 President's Budget), but were reprogrammed to the T-33 contract replacement when the decision was made to retire the T-33 aircraft.

Question. Does the funding in your five year defense plan provide service to the Air National Guard equal to 45 T-39 aircraft as directed by Congress? Does it even provide service to the Air National Guard equal to the current obsolete T-33 fleet?

Answer. Yes. If service is defined as target flying hours, the approach in our five year defense plan (FYDP) provides more service for the given Operation and Maintenance (O&M) funding than 45 T-39s would. For example, FY 1986 O&M funding provides 11,000 T-33 flying hours for Air National Guard users. Air Force analysis indicates that this O&M funding would generate only 6500 T-39 flying hours. Our approach through the FYDP provides a mix of T-33 and contract flying hours that equals the target-dedicated portion of the previous all T-33 program. T-33 hours decrease due to aircraft phaseout and contract hours increase in the mix until the program will eventually be all contract.

Question. Does it even provide service to the Air National Guard equal to the current obsolete T-33 fleet?

Answer. Our T-33/contract mix through the FYDP always provides target training capability equivalent to the current T-33 target program. If we further define service as quality of training, then our contract approach increases quality of training as the contract builds. Contract targets will be equipped with reprogrammable, state-of-the-art ECM equipment to offer more realistic ECM training that the T-33 provides.

Question. What formal study has been made to determine the amount of service needed to replace the entire T-33 fleet, whether active or Guard?

Answer. An Air Staff working group in 1985 investigated the target sortie requirements for air defense forces and evaluated several options to fill those requirements. Retention of the T-33, a reconfigured T-39, and a contract alternative were three of the options. More recently, key workers of the tactical air forces met to finalize a Statement of Work which specifies the conditions of a contract to replace the T-33 in the Faker role.

Question. Has the Air Force even attempted to try the T-39 concept using available electronic counter measures equipment such as ALQ-71 or ALQ-72 Pods?

Answer. The possibility of equipping the T-39 aircraft with ALQ-71-72 ECM pods so it could be used as a training platform was considered in 1984. The decision was made to not pursue the idea because: 1) electrical and structural modifications to the aircraft would have been necessary, 2) the T-39 was not considered economical due to costly logistical support requirements, and 3) the ALQ-71/72 systems are not only difficult to maintain, but are also severely limited in their ability to provide a realistic electronic warfare training environment for modern day aircraft such as the F-15, F-16, and B-1.

SPACE TRAINING

Question. The Committee understands that the Air Force plans to implement an undergraduate space training program on October 1, 1986. This training would develop specialists to operate and control space systems. A training program for enlisted members is also planned. Are the costs associated with the implementation of this training program included in the Fiscal Year 1987 President's Budget? If so, please cite the page number of the justification material on which the costs are identified. If not, how does the Air Force plan to reprogram funds for this program?

Answer. Costs associated with the implementation phase of Undergraduate Space Training are included in the Fiscal Year 1987 President's Budget along with other initial skill training programs on pages 490, 493, and 494 of the justification material.

Question. What is the intent, scope, and cost of this training program for Fiscal Year 1987? (Please provide breakout by undergraduate training and enlisted member training.) What are the plans (intent, scope, and cost) for Fiscal Years 1988–1990?

Answer. Undergraduate Space Training is being designed to provide broad-based space operations knowledge for space officers' career development. The six-week course if instruction will concentrate on fundamentals with the purpose of preparing space operations officers who can move among all aspects of space operations duties as their careers evolve. This broad-based course will replace four specialized courses currently being taught and use the resources programmed for those courses.

The program currently provides resources to train 270 students at an annual cost of $2 million per year (mostly student and instructor pay).

Similarly, the enlisted personnel are already being trained. Although changes are anticipated, detailed plans are awaiting the results of occupational surveys which will be completed later this year.

Question. Is the Air Force the only uniformed service planning to implement a space training program?

Answer. The Navy already has a short space training program covering Navy-specific topics. All Services are working together to define common needs for training on space operations subjects. This analysis should be completed by the end of Summer 1986. Plans for further space training will be based on this analysis.

COPPER TOP/ACQUISITION TRAINING

Question. How does the $3,307,000 for Copper Top/Acquisition Training relate to the $3 million for civilian training provided to the Air Force by the Conferees in the fiscal year 1986 continuing appropriation? (FY 87 J-Book, pg. 529)

Answer. The $3 million for civilian procurement training provided in fiscal year 1986 was the first step in supporting the 85% benchmark for mandatory training established by Secretary Taft. The FY87 funding is needed to continue this initiative which was originally projected to satisfy 49% of requirements. However, since the $3 million provided by FY86 has not been authorized, funds have not been released. This, in turn, may significantly lower our capability to meet the 49% level in FY87.

TRAINING SUPPORT ACTIVITIES

Question. How did the Air Force derive the workload indicators shown under performance criteria and evaluation?

Answer. The Fiscal Year 1987 J-Book data for these workload indicators contained the following inaccuracies: Fiscal Year 1985 Field Training Graduate actual workload indicators were rounded off from the actual number of graduates (162,878) which is only one-tenth of one percent (.1%) variance from the Fiscal Year 1985 estimate in the Fiscal Year 1985 President's Budget. Fiscal Year 1985 Correspondence Course actual enrollments included Career Development courses (155,980 enrollments) and Special Courses (22,558 enrollments), but did not include Professional Military Education (215,106 enrollments). Fiscal Years 1986 and 1987 estimates were derived from historical data with consideration of predicted conversion actions. Fiscal Years 1986 and 1987 estimates did not include Professional Military Education.

Performance Criteria and Evaluation should read:

	Fiscal year—		
	1985	1986 estimate	1987 estimate
Field training graduates	162,878	170,000	170,000
Correspondence course enrollments	393,644	410,000	410,000

Question. Considering the total of field training graduates and correspondence course enrollments for 1985 decreased by 15.1% between the Fiscal Year 1985 budget submission and the actual workload shown in the 1987 budget, could a similar reduction be applied to the Fiscal Year 1987 estimates?

Answer. No. Field training graduates decreased one-tenth of one percent (.1%). Budgeted increases in field training are needed to support aircraft conversion requirements. Correspondence course enrollments failed to include actual 1985 Professional Military Education (215,106) enrollments which reflect an actual increase between Fiscal Years. The actual increase should be applied to Fiscal Year 1987 estimates.

Question. What would be the budgetary impact of reducing the performance criteria by 52,699 to a total of 296,301?

Answer. Based upon identification of actual Fiscal Year 1985 performance criteria and evaluation, budgetary impact would be to reduce our estimated requirements (580,000) for Fiscal Year 1987 by 283,699 of that actually required. Such a reduction would severely reduce our field training programs for aircraft avionics and maintenance specialists, and also significantly impact our vital on-the-job training and professional military education programs.

Question. What justifies the pricing of an additional 77 workyears at $32,831 per year?

Answer. The 77 workyears increase represents 39 workyears which will be contracted during FY 87 at Randolph AFB, TX for

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word processing support, and 38 workyears that were unfunded during FY 86 due to the nonprogrammatic workyear reduction levied by Congress.

PERFORMANCE CRITERIA FOR FLIGHT TRAINING

Question. Performance Criteria for Flight Training. Since fiscal year 1984, flight training load estimates have been greater than what actually occurs. The fiscal year 1984 estimate of flight training load compared to the 1984 actual load, was overestimated by 6.5%. The fiscal year 1985 estimate of flight training load compared to the 1985 actual load, was overestimated by 18.5%. This is an average 12% overestimation of the actual load. If this average overestimate is applied to the fiscal year 1987 training load estimate, the 1987 training load could be revised to 3,179. What budgetary savings could be expected if the fiscal year 1987 flight training load was revised to 3,179?

Answer. The historical flight training load estimate deviations in FYs 84/85 were primarily a result of lower than programmed student entries from the Air National Guard and Air Force Reserve assigned to Undergraduate Flying Training (UFT). This underutilization was noted and action implemented in FY 86 to programmatically reduce future Air National Guard and Air Force Reserve entries to UFT. Total Air National Guard and Air Force Reserve training slots for FY 87 UFT training have been reduced by 31% (144 students) when compared to the training slots programmed in FYs 84/85. UFT student load deviation trends noted thus far in FY 86 break significantly with those identified in FYs 84/85 largely due to a 75% drop in the Air National Guard and Air Force Reserve underutilization. For example, the Air National Guard projects 100 percent utilization of UPT slots and significant improvement in UNT. Based upon this entry deviation decrease, the FY 86 UFT student load is within three percent of programmed values. Applying this current three percent load overestimate to the FY 87 load (revising the load to 3,504) would result in a budgetary savings of $3.04M.

Applying the FYs 84/85 average load overestimate of 12.0% to the FY 87 load estimate would result in budgetary savings of $17.44M. Decreasing the FY 87 load estimate by a historical, but no longer accurate, 12.0% overestimate factor would reduce training funds below those necessary to realize FY 87 UFT pilot and navigator production goals.

Failure to meet programmed production goals will result in unfilled rated positions damaging both our peacetime readiness posture and wartime fighting capabilities. It will also negatively impact pilot assignment stability in major weapons systems, exacerbating our tenuous pilot retention situation.

Question. If the fiscal year 1985 overestimate (18.5%) is applied to the fiscal year 1987 training load estimate, the 1987 training load could be revised to 2,944. What budgetary savings could be expected if the fiscal year 1987 flight training load was revised to 2,944?

Answer. The historical flight training load estimate deviations in FYs 84/85 were primarily a result of lower than programmed student entries from the Air National Guard and Air Force Reserve assigned to Undergraduate Flying Training (UFT). This underutilization was noted and action implemented in FY 86 to programmatically reduce future Air National Guard and Air Force Reserve entries to UFT. Total Air National Guard and Air Force Reserve training slots for FY 87 UFT training have been reduced by 31% (144 students) when compared to the training slots programmed in FYs 84/85. UFT student load deviation trends noted thus far in FY 86 break significantly with those identified in FYs 84/85 largely due to a 75% drop in the Air National Guard and Air Force Reserve underutilization. For example, the Air National Guard projects 100 percent utilization of UPT slots and significant improvement in UNT. Based upon this entry deviation decrease, the FY 86 student load is within three percent of programmed values. Applying this current three percent load overestimate to the FY 87 load (revising the load to 3,504) would result in budgetary savings of $3.04M.

Applying the FY 85 load overestimate of 18.5% to the FY 87 load estimate would result in budgetary savings of $26.9M. Decreasing the FY 87 load estimate by a historical, but no longer accurate, 18.5% overestimate factor would reduce training funds below those necessary to realize FY 87 UFT pilot and navigator production goals.

Failure to meet programmed production goals will result in unfilled rated positions damaging both our peacetime readiness posture and wartime fighting capabilities. It will also negatively impact pilot assignment stability in major weapons systems, exacerbating our tenuous pilot retention situation.

AIR FORCE RECRUIT AND SPECIALIZED TRAINING

Question. The Air Force summary training by category shows that since Fiscal Year 1984, the training load estimate has been greater than the actual. In general skill training, general intelligence skill training and cryptologic/SIGINT training, the Fiscal Year 1984 training load estimate in 1984 budget, compared to actual 1984 training load, was overestimated by 37.7%; the Fiscal Year 1985 estimate, compared to actual, was overestimated by 30.5%. This is an average 34% overestimation between the budget projections and actual. If this average, overestimate is applied to the Fiscal Year 1987 training load estimate, the 1987 training load could be revised to 17,130. What budgetary savings could be expected if the Fiscal Year 1987 training load was revised to 17,130?

Answer. We have always requested resources to fully train our budgeted force. As our budgeted force and associated training receive Congressional cuts, execution comes in lower than forecast. However, we do have a baseline requirement which we have reduced from Fiscal Year 1986 to Fiscal Year 1987 (36,302 to 34,920). The impact of reducing this already declining load to 17,130 would amount to more than a 50% reduction. That would allow continuation of Basic Military Training (BMT) and curtail initial skill training by 40%. Such a reduction would eliminate all training for Guard and Reserve personnel. Also eliminated would be formal skill progression training for the career force and 55% of the directed retraining essential to meet changing Air Force needs, particularly for new and modified systems. The budgetary savings would be $100,085,813. However, if this reduction is assessed, specialist training for aircraft maintenance, avionic maintenance, communications-electionics maintanance, and computer maintenance and operations would be severely reduced. Training for support areas such as personnel, administration, and supply would be eliminated. As a result, Air Force readiness would be gravely impaired.

Question. If the Fiscal Year 1985 overestimate (30.5%) is applied to the Fiscal Year 1987 training load estimate, the 1987 training load could be revised to 18,066. What budgetary savings could be expected if the Fiscal Year 1987 training load was revised to 18,066?

Answer. We have always requested resources to fully train our budgeted force. As our budgeted force and associated training receive Congressional cuts, execution comes in lower than forecast. However, we do have a baseline requirement which we have reduced from Fiscal Year 1986 to Fiscal Year 1987 (36,302 to 34,920). The impact of reducing this already declining load to 18,066 would amount to more than a 48% reduction. That would allow continuation of Basic Military Training (BMT) and curtail initial skill training by 35%. Such a reduction would eliminate all training for Guard and Reserve personnel. Also eliminated would be all formal skill progression training for the career force and 51% of the directed retraining essential to meet changing Air Force needs, particularly for new and modified systems. The budgetary savings would be $88,775,056. However, if this reduction is assessed, specialist training for aircraft maintenance, avionic maintenance, communications-electronics maintenance, and computer maintenance and operations would be severely reduced. Training for support areas such as personnel, administration, and supply would be eliminated. As a result, Air Force readiness would be gravely impaired.

Question. The estimates for inputs were overestimated for Fiscal Year 1984 by 18% and by 12% in Fiscal Year 1985, averaging a 15% overestimation. If this average overestimation is applied to the Fiscal Year 1987 estimated inputs, they could be revised to 204,945. What budgetary savings could be expected if the Fiscal Year 1987 training inputs were revised to 204,945?

Answer. We have always requested resources to fully train our budgeted force. As our budgeted force and associated training receive Congressional cuts, execution comes in lower than forecast. However, we do have a baseline requirement which we have reduced from Fiscal Year 1986 to Fiscal Year 1987 (268,465 to 241,112). The impact of reducing this already declining input to 204,945 would only allow continuation of Basic Military Training (BMT) and initial skill training. However, training for the career force would be reduced by 32%. This type training is essential to meet changing Air Force needs, particularly for new and modified systems. As a result, Air Force readiness would be gravely impaired.

Question. If the Fiscal Year 1985 overestimation of training inputs (12%) was applied to the Fiscal Year 1987 estimated inputs, they could be revised to 212,179. What budgetary savings could be expected if the Fiscal Year 1987 training inputs were revised to 212,179?

Answer. We have always requested resources to fully train our budgeted force. As our budgeted force and associated training receive Congressional cuts, execution comes in lower than forecast. However, we do have a baseline requirement which we have reduced from Fiscal Year 1986 to Fiscal Year 1987 (268,465 to 241,112). The impact of reducing this already declining input to 212,179 would only allow continuation of Basic Military Training (BMT) and initial skill training. However, training for the career force would be reduced by 22%. The budgetary savings would be $20,426,698. Such a reduction would severely restrict the capability to train the career force to maintain new aircraft, avionics, communications-electronics equipment, and computers. This type training is essential to meet changing Air Force needs, particularly for new and modified systems. As a result, Air Force readiness would be gravely impaired.

AIR FORCE OFFICER ACQUISITION TRAINING

Question. Please explain the price growth of $4,529,000 for contract price changes. Why has there been no mention of price changes for contracts in fiscal years 1985 and 1986 budget justification material? Why does it appear in the fiscal year 1987 budget?

Answer. The price growth for Reserve Officer Training Corp (ROTC) scholarships was accounted for as contract price change in the 1987 budget justification material and as other price change in the 1985 and 1986 budget justification material.

ACADEMIC EQUIPMENT REPLACEMENT/UPGRADE

Question. The fiscal year 1986 budget included $844,000 for the replacement and upgrading of classroom equipment. The fiscal year 1987 budget includes $1,320,000 for the same purpose. What is the total scope, intent and cost of this equipment replacement and upgrade project?

Answer. The $844,000 in FY 1986 were used for equipment replacement in the dining hall and the cadet gymnasium, and is not part of the 15 year, cyclical program beginning in FY 87 to replace equipment for academic instructional use. The Academy was build 25 years ago and much of the lab equipment they are using today has been in place since then. This equipment is nearing the end of its usefulness and must be replaced to maintain our accrediation and quality educational program. Throughout the past few years new equipment has also been purchased to upgrade the Academy program. This equipment will need to be replaced in the future. Because much more equipment needs to be replaced now than will need to be replaced on a cyclical basis in the future, the cost of the replacement program is significantly higher now than it will be for the out years.

Specifically, the FY 87 money will be used to replace laboratory equipment in all scientific and engineering disciplines, Chemistry, Biology, Physics, Aeronautics, Astronautics, etc., to name a few. Without this upgrade and replacement effect, the Academy will not be able to continue to fulfill its commitment to academic excellence and accrediation could become a problem.

PROFESSIONAL DEVELOPMENT EDUCATION

Question. In the fiscal year 1986 Continuing Appropriation, the Conferees reduced the Air Force O&M account by $2.5 million for professional education programs. The basis of this reduction was a DOD (IG) report which cited serious problems in the way education requirements are determined. The IG also stated that the officer education program was not effectively utilized. Does the $1,731,000 fiscal year 1987 program increase for graduate education (FY 87 J-Book, pg. 516) mean that the problems cited in the IG report have been corrected?

Answer. Yes. The Air Force has made significant progress in managing the graduate education program. To re-evaluate the requirements identification process, the Air Force Education Requirements Board (AFERB), composed of functional representatives from each Air Force career field, reviewed each requirement for an advanced degree in November 1984. The Board's purpose was to validate requirements and approve an overall ceiling for each career field. After this stringent review, the Board approved an increase in requirements from 8,200 to 8,500 advanced degree billets. This increase in in keeping with the overall increased use of technology in the Air Force today. To ensure a continuing revalidation process, the AFERB will meet again this year for a zero-based look at each career field's advanced degree requirements. We meet Air Force technical degree needs by sending officers to accredited advanced degree programs. Advanced degree holders are then assigned to billets requiring these degrees in their first tour following school. This ensures that this education program is effectively utilized. Through an automated personnel tracking system, we assign about 95% of the graduates in the first tour following graduation to billets effectively using their expertise. Graduates who cannot be assigned to validated billets during their first tour following school are tracked and assigned at the earliest next available tour. This process helps the Air Force meet its increasing technical needs through advanced education.

Question. The justification for the $1,731,000 program increase for graduate education, states that in 1984, the Air Force Educational Requirement Board increased the number of positions requiring Advanced Academic Degrees (AAD). What are the number (base and increase) of positions requiring AAD as stated by the Air Force Educational Requirement Board? Is the increase broken down by fiscal years? If so, please provide the breakout by fiscal year from 1984–1990. What number of increased AAD positions will be supported by the $1,731,000 program increase?

Answer. The 1984 Air Force Education Requirements Board (AFERB) increased the number of positions requiring an advanced academic degree from about 8,200 to 8,500. This increase is in keeping with the trend toward higher technology in the Air Force today. The increase in requirements is not broken down by fiscal years. The AFERB reviews and approves changes to the these requirements at two year intervals. The Air Force meets these requirements by sending officers to accredited programs. The number of officers entering these programs is tracked by fiscal year and is programmed as displayed on pages 517 and 518 of the 1987 Justification Material. The $1,731,000 program increase will allows us to fully fund the load requested in our performance criteria and restore all the professional education programs reduced in response to the Conference Report 99-450 to accompany House Joint Resolution 456. The AFERB will meet later this year to establish our new requirements for the next two years.

Question. What is total cost of the graduate education program in fiscal year 1987 and the total number of AAD positions that will be funded? What are the total fiscal year 1986, 1985, and 1984 graduate education program costs (by fiscal year) and the number of AAD positions funded each year?

Answer. The graduate education program is programmed by loads, not positions. The loads and operation and maintenance costs for books, thesis fees, and tuition for the Graduate Degree Program (excluding NPS), Naval Post-graduate School, Under-graduate Engineering Conversion Program, Scholarship/Research Associates/Chaplain, and Funded Legal Education Program are as follows:

	Fiscal year			
	1984 (actual)	1985 (actual)	1986 (estimate)	1987 (estimate)
O&M cost (thousands)	$4,324	$4,069	$2,098	$3,967
Student loads	1,062	914	758	773

TUITION ASSISTANCE

Question. The justification used for the $1,810,000 increase in tuition assistance is increased enrollments due to: (1) increasing number of personnel ineligible for Vietnam era GI Bill; (2) enrollment increases for the Community College of the Air Force program; and, (3) increase in graduate and undergraduate enrollments for computer science, mathematics and physicial science specialities. What is the base that the $1,810,000 is added to?

Answer. The $1,810,000 is added to the FY 86 current tuition assistance program of $41.137 million.

Question. What are the estimated increases for the three areas mentioned above? How is the funding increase broken down for these categories?

Answer. Estimated enrollment and funding increases for each category are as follows:

Item	Enrollment	Total cost
GI bill	13,678	$1,517,508
CCAF	1,012	83,996
SCI/math	1,581	208,496
Total	16,271	1,810,000

Question. What is the total number of enrollments supported by this program in fiscal year 1987?

Answer. We estimate a total of 300,971 tuition assistance enrollments in fiscal year 1987.

Question. The performance criteria and evaluation data shows an increase of 2% between the total fiscal year 1986 training program and the fiscal year 1987 budgeted training program. Considering the variations between estimated enrollments and inputs and actual enrollments and inputs since 1984 and the .5% decrease in the fiscal year 1986 total enrollments and inputs (from FY 1986 Budget to FY 1986 estimate in FY 1987 Budget), why is the Air Force budgeting a 2% increase in enrollments and inputs? (FY 85 J-Book, pg. 532; FY 86 J-Book, pg. illegible; FY 87 J-Book pg. 531)

Answer. The Air Force is budgeting a 2% increase in enrollments and inputs for the following reasons:

(a) Public Law 94-36, 14 Jul 1976, increased the number of Junior ROTC units authorized in Title 10 from 1,200 to 1,600. DoD authorized Air Force to increase from 286 to 335 units. Air Force decided to phase this increase in beginning FY 1986 at the rate of 10 units per year until FY 1990 when the final 9 will be added. Additional units support enrollment growth.

(b) Off-duty education enrollment growth supports increasing number of personnel ineligible for Vietnam era GI Bill, enrollment increases for the Community College of the Air Force and increases in graduated and undergraduate enrollments for computer science, mathematics and physical science specialities.

(c) Increases in civilian education student inputs reflect the accelerated (to 49%) procurement training initiative established at secretary Taft's direction to support 85% of mandatory requirements outlined in DoDI 1430, 10-M-I, DoD Civilian Career Program for Contracting and Acquisition Personnel.

(d) Increases in Defense Equal Opportunity Management Institute student inputs allow all services to meet their training quotas.

(e) The increase in Human Relations and Drug Alcohol Education and Equal Opportunity student inputs is due to an increase in urinalysis testing quotas and resulting drug abuse evaluations and program entries. FY 1985 actual performance criteria came in 109.2% of that originally estimated in the FY 1985 justification material. The FY 1986 performance criteria in the FY 1987 justification material was 100.5% of that originally estimated in the FY 1986 justification material. These variances suggest that the Air Force has underestimated, not overestimated, requirements in these areas.

SOCIAL ACTIONS REDUCTIONS

Question. In the explanation of end strength changes (FY 87 J-Book, pg. 533), what is meant by "Social Actions Reductions" and the corresponding reduction of 78 military billets?

Answer. The Air Force reexamined its social actions training program. In-unit training, accession orientation, training for personnel arriving at their first duty station, and follow-on professional military education programs have been coordinated and integrated to eliminate duplication. This review enabled the Air Force to reduce end strength by 78 military authorizations.

This is one of many examples of the Air Force's commitment to streamline its support functions to make them more efficient and economical. The manpower savings from these reviews are used to offset new high priority manpower growth. The committee is reminded that the Air Force actually offset 8,400 of a required 9,100 military manpower growth or 92% of the required growth for FY 87.

OTHER TRAINING/EDUCATION AND PERSONNEL ACTIVITIES

Question. What contracts does the $4,073,000 in price increases support? What is the base for these price changes? Why do the price changes occur in fiscal year 1987, but did not occur in fiscal year 1986? (FY 87 J-Book, pg. 528)

Answer. The $4,073,000 price growth supports the American Forces Information Services' facility projects, Civilian Education and Development Programs tuition, payments to high schools for Junior ROTC instruction pay, Off-Duty and Voluntary Education Programs tuition, and Veterans Education Assistance Program payments. The FY 1986 base for these programs is $80,524,000. Price growth for these programs was accounted for as contract price change in the 1987 budget justification material and other price change in the 1985 and 1986 budget justification material.

AIR FORCE CARE IN NON-DEFENSE FACILITIES

Question. Please provide additional justification for the $3,701,000 for expansion and consolidation of physical examinations performed for ROTC and officer candidate applicants. Does this expansion include an HTLV-III test? (FY 87 J-Book, page 571) What are the total program costs? How many exams will be accomplished with this increase and in total?

Answer. Yes. DOD directs the HTLV-III test be performed. Total program costs for contracting out exams are $4,810,000. The $3,791,000 increase will accomplish 21,247 exams for a total program of 27,613 exams.

UNIFORMED SERVICES TREATMENT FACILITIES (USFT) COSTS

Question. Considering the Uniformed Services Treatment Facilities' costs from fiscal year 1983 to 1984 increased 58 percent and the costs from fiscal year 1984 to 1985 increased 38 percent, why are you only budgeting for a 10 percent increase in fiscal year 1987?

Answer. The Air Force Uniformed Services Treatment Facilities' costs did increase 58 percent from fiscal year 1983 to fiscal year 1984 and 38 percent from fiscal year 1984 to fiscal year 1985. However, the fiscal year 1987 total requirement increase is 16.1 percent (10.2 percent for program growth and 5.9 percent for price growth). The total fiscal year 1987 increase of $6.8M raises the total fiscal year 1987 requirement to $49.932. Based on OSD/HA and AF/SG [illegible]

Question. What was the fiscal year 1985 Uniformed Services Treatment Facilities' budget? What is the fiscal year 1986 budget? What is budgeted for fiscal year 1987?

Answer. The following chart reflects the Air Force's Uniformed Services Treatment Facilities' program status from fiscal year 1983 to the fiscal year 1987 President's Budget:

[Dollar amounts in millions]

	Fiscal year—				
	1983	1984	1985	1986	1987
Appropriated	$10.9	$8.4	$22.5	$28.0	
Congressional reprogramming		$16.0		$6.0	
Internal reprogramming	$4.6	$.1	$11.5	$9.0	$49.9
Actual/projected	$15.5	$24.5	$34.0	$43.0	$49.9
Growth percent	29.0	58.0	38.7	26.4	16.1

Question. Why are you increasing the number of physicians in Air Force medical facilities and the use of Uniformed Services Treatment Facilities? Why does the Uniformed Services Treatment care in the direct health care facilities due to an increase of physicians?

Answer. The question implies there should be a direct correlation between the number of physicians assigned at Air Force Medical Treatment Facilities and the use of Uniformed Services Treatment Facilities. However, no correlation exists for two reasons. First, the Uniformed Services Treatment Facilities are located throughout the United States in geographic areas which are not readily accessible to Military Medical Treatment Facilities. Workload data available to the Air Force indicates 77 percent of outpatient and 90 percent of inpatient workload performed at Uniformed Services Treatment Facilities during fiscal year 1984/85 was in support of retired members and dependents of retired/deceased members. These data indicate the Uniformed Services Treatment Facilities are more likely to capture CHAMPUS workload. Second, the physician increases are validated requirements determined through application of current work performance measurements and Air Force Manpower Standards.

MEDICAL CARE COMPOSITE UNIT (MCCU)

Question. How many MCCUs were funded in fiscal year 1985; how many are estimated for fiscal year 1986; how many are budgeted for fiscal year 1987?

Answer. Air Force doesn't use MCCUs. Army does.

Prior to fiscal year 1987 Budget Estimate Submission, Air Force used Composite Work Units (CWUs).

OASD(HA) directed Air Force to use Health Care Units (HCUs) beginning with fiscal year 1987 Budget Estimate Submission.

Air Force health care units budget estimates are as follows:

Health Care Units:	
Fiscal year 1985	599,849
Fiscal year 1986	[1] 624,346
Fiscal year 1987	[1] 631,803

[1] Estimated.

AEROMEDICAL EVACUATION PROGRAM

Question. Aeromedical Evacuation Program (FY 87 J-Book, pg. 566). The requested increase of $5,649,000 is justified by an increase in the rate charged for flying hours. What was the 1985 and 1986 rate? What is the 1987 rate? Is this a Military Airlift Command (MAC) rate increase? Is the aeromedical evacuation program increasing in scope, or are only the costs increasing?

Answer. As can be seen from the below chart, the aeromedical evacuation flying hour program has not changed appreciably between FY 1985 and FY 1987, whereas the flying hour rate charged by the Airlift Services Industrial Fund (ASIF) decreased significantly (−22 percent) from FY 1986 to FY 1987.

AEROMEDICAL EVACUATION PROGRAM

	Fiscal year—		
	1985	1986	1987
Flying hours	30,921	31,141	31,141
ASIF rate	$1,980	$1,992	$1,545
Medical ASIF billing	$61,232	$62,098	$48,117

As reflected in above chart, the decrease in FY 1987 funding required by the Medical Program to pay the ASIF medical evacuation bill is $13,981 ($62,098 − $48,117).

Due to a computational error, this net change of −$13,981 was reflected in the financial exhibits as an Industrial Fund (ASIF) price decrease of −$19,630 and a program increase of +$5,649, a net decrease of −$13,981.

Accordingly, our justification book on page 566 is in error in that it shows an Industrial Fund price decrease of −$19,630 under the caption "Price Change" and an Aeromedical Evacuation Program increase of +$5,649 under the caption "Program Increases." The correct portrayal should have been an Industrial Fund price decrease of −$13,981 under the caption "Price Change" and no change under the caption "Program Increases."

In conclusion, despite the incorrect portrayal in the justification book, the funding required for FY 1987 remains unchanged at $48,117.

MEDICAL SUPPLIES

Question. Medical Supplies (page 566). How does the $3,580,000 increase for medical supplies relate to the increase in physician end strength?

Answer. The $3.58 million increase for medical supplies is directly related to increased physician end strength. Physician end strength will increase by 42 authorizations. The average supply support cost per physician is projected at $82,238.

INCREASE IN PHYSICIAN END STRENGTH

Question. What is the total increase in physician end strength that will be supported with the $3,580,000? What are the physicians' specialities? Are the increased physician end strengths military or civilian? What type of specialties will the additional 49 workyears represent?

Answer. Total physician end strength supported by the $3.58 million increase is 42 physicians. Physician specialities include Family Practice (+9), Pediatrics (+10), Internal Medicine (+6), Surgery (+11), Diagnostic Services (+6). All 42 authorizations are military end strengths. The last portion of the question relates to 49 workyears. This appears to refer to the 49 civilian workyear increase referred to on page 566, paragraph 3(c). None of these 49 workyears are physician end strengths.

MEDICAL EDUCATION AND TRAINING ESTIMATES

Question. The Air Force performance criteria and evaluation shows that in total, medical education and training estimates have exceeded actual performance since 1984. The fiscal year 1984 education and training load for health care, as estimated in the 1984 budget, compared to the actual training load, was overestimated by 12.3%. The fiscal year 1985 education and training load for health care, as estimated in the 1985 budget, compared to the actual training load was overestimated by 8.3%. This is an average 10.4% overestimation between the budget projections and actual. If this average overestimate is applied to the fiscal year 1987 education and training load estimate, the 1987 load could be revised to 4,535. What budgetary savings could be expected if the fiscal year 1987 training load was revised to 4,535?

Answer.

1. The questioned overestimate for FY84, as addressed, is actually 5.5% (FY 84 President's Budget 5,355 and actual 5,076). The 12.3% fact was derived by using the FY85 Load Column (5,699) instead of FY84 actual load column (5,355).

2. The questioned overestimate for FY85 is 8.3% (FY85 President's Budget 5,155, actual 4,758).

3. The average corrected for FY84/FY 85 is 6.9% instead of 10.4%.

4. Load analysis: Attached.

5. The attached copy of the Air Force Medical Program load analysis if for FY84 through FY87. The revised FY86 program load of 4,843 was significantly adjusted to project a more realistic load level. The new FY86 decrease was approximately 10%. This resulted in pricing the requirement based on level of effort plus or minus programmatic changes. The FY87 program load estimate of 5,060 projects an increase of 217 which is primarily for the residency school basic and advance training program (Column 8). An explanation of these increases are as follows:

(a) Resident school (basic technical training) for ADAF enlisted and officers has increased. This was due to course length changes in FY86 for enlisted and increased student flow in FY87. The Air Force Reserve Program will have steady growth in FY86 and FY87.

This increased requirement was supported in the actual FY85 program (column 3 and 4 above).

(b) Resident school (advanced technical training) for ADAF enlisted has declined since FY84, but will have a slight programmatic increase in FY87. This will support increased student flow for a new course and increase course lengths. (Operational entomology and medical materiel management on line training are examples.) A slight increase in the Air Force Reserve requirement is also a programmatic change.

(c) The post graduate degree programs reflect an increase between FY85 and FY86 and stable line in FY87. This will support allied science, nursing and hospital administration student flow into post graduate programs which are necessary to meet the quality assurance and readiness initiatives faced by medical managers.

6. The process of estimating a training load in the President's Budget and executing the resulting financial program is subject to many influences. The actual load levels for FY84 and FY85 were achieved after end strength changes and training dollar reductions which occurred after the President's Budget process. This fact demonstrates that rather than overestimating the load requirements in FY84 and FY85, programmatic decisions were made that reduced the training load.

7. The FY86 and FY87 training load has already been reviewed and adjusted to prior level of effort plus or minus known programmatic changes. To further reduce this program based on decisions made in FY84 and FY85 concerning totally different projected requirements for those fiscal periods results in the following:

Fiscal year:	*Training load*
1984 actual	5,076
1985 actual	4,758
1986 estimate	4,843
1987 (minus 6.9 percent)	4,711

8. A training load in FY87 of 4,711 will not support the Medical Service mission. Enlisted initial skill entrants (enlisted medical end strength) would be reduced to an unacceptable level, training changes required to support quality assurance requirements would not be accomplished, and readiness training requirements would not be achieved. Any dollar savings generated by this initiative would be transferred and will generate higher costs in the alternative care—CHAMPUS—program. Patients unable to access or receive medical care would simply use this alternative system.

9. The dollar value of a 6.9% reduction to the FY87 training load for health care training cannot be realistically evaluated without estimating the financial impact of this decision on the alternative health care programs. The FY87 training load will be achieved at a level of 5,060 if there are no further end strength or financial reductions.

Training	Fiscal year							Program change col (7) (5)
	1984		1985		1986		1987 P.B.	
	P.B.	Actual	P.B.	Actual	P.B.	Revised estimate	P.B.	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Resident school (basic tech tng)								
ADAF-ENL	1,037	967	1,028	840	1,203	1,036	1,101	+65
ADAF-OFF	123	103	146	131	135	130	155	+25
ANG	65	54	63	115	39	106	97	
AFR	99	150	117	171	224	274	325	+51
MAP	14	4	14	6	6	5	6	
Other	3	1	2	1	2	3	2	
Subtotal	1,341	1,279	1,370	1,264	1,669	1,554	1,686	
Resident School (Advanced tech tng)								
ADAF-ENL	768	631	738	479	680	405	493	+88
ADAF-OFF	162	233	125	233	256	123	124	
ANG	4	23	31	16	13	25	23	
AFR	20	59	58	47	39	37	48	
MAP	2	6	13	6	10	11	10	
Other	2	5	28	25	7	7	10	
Subtotal	958	957	993	806	1,005	608	708	
Resident in Med Facs	1,079	994	1,020	1,008	1,004	1,030	1,028	
Civilian institutes								
HPSP	1,550	1,420	1,350	1,290	1,223	1,216	1,208	
Post grad—degree	210	185	209	165	201	206	205	
Short courses	44	44	43	43	44	44	44	
Resident—civ inst	195	197	170	182	211	185	181	
Subtotal	1,999	1,846	1,772	1,680	1,679	1,651	1,638	
Total	5,355	5,076	5,155	4,758	5,357	4,843	5,060	+217
Comparative (P.B. to actual, percent)		+5.5		+8.3				

EDUCATION AND TRAINING LOAD ESTIMATE

Question. If the fiscal year 1985 overestimate (8.3%) is applied to the fiscal year 1987 education and training load estimate, the 1987 load could be revised to 4,640. What budgetary savings could be expected if the fiscal year 1987 training load was revised to 4,640?

Answer. 1. The budgetary savings would be $111,972,000.

2. An 8.3% reduction to the FY87 medical education and training load would result in untrained enlisted personnel being assigned to our hospitals, loss of essential officer training programs, and a critical eduction to Air Force Reserve and Air National Guard readiness training.

3. End strength reductions occurring after the President's Budget cycle caused the difference between FY85 budget and execution (see attached chart).

4. An 8.3% reduction to initial skill enlisted training or advanced enlisted training will cause quality assurance and medical readiness problems. Untrained enlisted personnel are of no use to our medical managers. Training will have to be provided by hospital personnel and fewer support personnel will be available to patient care. Physician specialty training reductions will prevent acquisition of readiness required specialists.

Training	Fiscal year— 1984 P B	1984 Actual	1985 P B	1985 Actual	1986 P B	1986 Revised estimate	1987 P B P B	Program change col 7—(6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Resident school (basic tech tng):								
ADAF-ENL	1,037	967	1,028	840	1,203	1,036	1,101	+ 65
ADAF-OFF	123	103	146	131	135	130	155	+ 25
ANG	65	54	63	115	99	106	97	
AFR	99	150	117	171	224	274	325	+ 51
MAP	14	4	14	6	6	5	6	
Other	3	1	2	1	2	3	2	
Subtotal	1,341	1,279	1,370	1,264	1,669	1,554	1,686	
Resident School (Advanced tech tng):								
ADAF-ENL	768	631	738	479	680	405	493	+ 88
ADAF-OFF	162	233	125	233	256	123	124	
ANG	4	23	31	16	13	25	23	
AFR	20	59	58	47	39	37	48	
MAP	2	6	13	6	10	11	10	
Other	2	5	28	25	7	7	10	
Subtotal	958	957	993	806	1,005	608	708	
Resident in Med Facs	1,079	994	1,020	1,008	1,004	1,030	1,028	
Civilian institutes:								
HPSP	1,550	1,420	1,350	1,290	1,223	1,216	1,208	
Post grad—degree	210	185	209	165	201	206	205	
Short courses	44	44	43	43	44	44	44	
Residents—civ inst	195	197	170	182	211	185	181	
Subtotal	1,999	1,846	1,772	1,680	1,679	1,651	1,638	
Total	5,355	5,076	5,155	4,758	5,357	4,843	5,060	+ 217
Comparative (P B to actual, percent)		+ 5.5		+ 8.3				

MFP 8, REAL PROPERTY MAINTENANCE

Question. The Air Force includes $3,252,000 in MFP 8, real property maintenance for major rehabilitation efforts, facility project and architectural and engineering design efforts. (FY 87 J-Book, pg. 547) What are the rehabilitation efforts and the facility projects funded with this increase?

Answer. $2,394,000 of the increase in MFP 8 is for the Air Force Academy as part of a major rehabilitation program. Most facilities at the Academy are now over 27 years old. Major facility repairs are required to correct severely deteriorating mechanical, utilities and roofing systems and to correct terrazo and road pavement problems. The other $858,000 is for RPM increases at Air Training Command (ATC) installations supported by the San Antonio Real Property Maintenance Agency.

Question. Also mentioned in the justification is a reduction in the backlog of facility maintenance and repair. Please indicate what portion of the $3,252,000 is dedicated to reduce the backlog facility maintenance and repair. What was the FY 1985–1986 level of funding for facility maintenance and repair? What was the backlog in fiscal year 1986? What is the estimated backlog for fiscal year 1987?

Answer. $2,293,000 of the RPM increase is for facility projects at the Air Force Academy which directly relates to reducing the BMAR. The remaining RPM increase of $199,000 at the Air Force Academy and $760,000 for Air Training Command is primarily for Civil Engineering supply support for the in-service workforce. The level of funding for real property maintenance in MFP 8A in FY 1985 and FY 1986 are $154,468,000 and $179,474,000, respectively. The backlog of facility maintenance and repair in FY 1986 is $21.0 million and the end-year FY 1987 BMAR is estimated to be reduced to $12.2 million.

Question. The fiscal year 1986 budget request included $17,890,000 for facility projects to reduce the growth in the backlog of facility maintenance and repair. However, the fiscal year 1987 budget (J-Book, pg. 550), shows the maintenance and repair backlog declining by only $8,000,000 from 1985 to 1986.

Answer. The backlog of maintenance and repair (BMAR) is defined as maintenance and repair type facility projects that were deferred from a prior year due to a lack of resources. BMAR is calculated as follows:

Prior Year BMAR:
+Added Deterioration (cost of deferring repairs)
+Escalation (OSD inflation rate)
+Current Year Maint/Repair Requirements
=Total Requirements
−Funding
=End Year BMAR

The fiscal year 1985 actual end-year BMAR of $29.1 million plus added amounts for deterioration, escalation and current year maintenance/repair requirements equate to a total FY 1986 program requirement of $86.3 million. The FY 1986 current funding for maintenance and repair facility projects is about $65.3 million which results in an end of year FY 1986 BMAR of $21.0 million, or an $8.0 million decline from FY 1985 to FY 1986.

Question. Performance Criteria and Evaluation (FY 84 J-Book, pg. 540; FY 85 J-Book, pg. 550; FY 86 J-Book, pg. 552; FY 87 J-Book, pg. 550). Please explain why in fiscal years 1984 and 1987 the term "Unaccompanied Personnel Housing Floor Space," is used and in fiscal years 1985 and 1986, the term "Military Housing Floor Space," is used. What is the difference in these terms?

Answer. The correct term to use in the J-Book is "Unaccompanied Personnel Housing Floor Space." The term "Military Housing Floor Space" used in fiscal years 1985 and 1986 J-Books was incorrect.

Question. Please explain why the fiscal year 1984 minor construction funding increased by 22% from the 1984 budget request to the 1984 actual experience.

Answer. For purposes of management and budget, the Real Property Maintenance by Contract (RPMC) program is projected at a ratio of about 85% maintenance and repair funding with the remaining 15% for minor construction. A variety of factors, including weapon system beddowns, mission changes and age of facilities combine to cause actual obligations to vary from this management objective. In addition to the changes in the ratio of minor construction to maintenance and repairs, the absolute amount obligated for minor construction is subject to increases when overall RPMC increases. This is because minor construction is interwoven in almost any major maintenance and repair effort—installation of a modern fire detection and alarm system during a facility rehab is an example of this interrelationship. The overall RPMC increases come from actions like the Congressional adds in FY 85 and FY 86 as well as migration of small percentages of funding from other O&M programs. The increase in minor construction in FY 84 can be attributed to an overall program increase of about 11% plus a variance in the ratio of maintenance and repairs to minor construction, due primarily to the MAJCOM's increased efforts to correct Occupational Safety and Health Administration (OSHA) deficiencies, and press ahead with computer installations and security alarm systems.

Question. Why did the fiscal year 1984 minor construction projects increase by 42 (30%) between the 1984 budget submission and the 1984 actual experience?

Answer. The O&M budget does not consist of line item details of proposed projects. Instead, it contains an estimate of the number of projects to be accomplished based on historical reviews of the average amount spent in each year for this type of project. Actual project size is affected by work being done. For instance, one year a MAJCOM may be beefing up anti-terrorist measures with numerous small projects versus a smaller number of beddown projects for a major weapons system. The increase in the number of projects is in part due to the absolute increase in the funding available/obligated for RPMC—and consequently a portion for minor construction. A review indicates that the average cost of minor construction projects decreased due to the MAJCOM's emphasis on correcting small safety and health problems rather than concentrating most of the funds in larger projects.

Question. Please explain why the fiscal year 1985 minor construction funding increased by 31% from the 1985 budget request to the 1985 actual experience.

Answer. For purposes of management and budget, the Real Property Maintenance by Contract (RPMC) program is projected at a ratio of about 85% maintenance and repair funding with the remaining 15% for minor construction. Actual obligations for minor construction reflect both increases in the total funds available for facility projects and variations in the ratio due to actual conditions encountered during the execution year.

Question. Why did the fiscal year 1985 minor construction projects increase by 128 (68%) projects between the 1985 budget submission and the 1985 actual experience?

Answer. The increase in minor construction in FY 85 can be attributed to an overall program increase of about 50% plus a variance in the ratio of maintenance and repairs to minor construction. The overall RPMC increased from the Congressional add and migration of small percentages of funding from other O&M programs.

Question. What are the additional 72 minor construction projects that appear in the fiscal year 1986 line of the 1987 budget, but did not appear in the fiscal year 1986 budget submission?

Answer. The O&M budget does not consist of line item details of proposed projects. Instead it contains an estimate of projects to be accomplished based on historical reviews of the average amount spent each year for this type of project. The increase in the number of projects is in part due to the absolute increase in funding available/obligated for RPMC. The funding increases by over 30%, primarily due to the congressional add and proposed reprogramming actions that were not a part of the original budget submissions. The remaining variation in the projects' unit project cost is small by comparison.

Question. Why does the fiscal year 1986 cost estimate for Maintenance and repair for Real Property increase from $149,800,000 shown in the 1986 submission to the $179,474,000 (16.5%) in the 1986 estimate in fiscal year 1987 budget?

Answer. The funding increases primarily due to additional funds from the congressional add to reduce the backlog of maintenance and repair (BMAR) and a proposed reprogramming action for facility projects to further reduce the BMAR.

Question. Why does the fiscal year 1986 cost estimate for administration increase from $66,815,000 shown in the 1986 budget to $70,022,000 (4.6%) in the 1986 estimate in the fiscal year 1987 budget?

Answer. The estimate for administration in the FY 1986 budget was $63,149,000 for FY 85 and $66,815,000 for FY 86. Based on the actual expenditures of $68,871,000 in FY 85 and a subsequent repricing of the cost of programs for FY 86, the estimate for FY 86 was revised to $70,022,000.

CENTRALIZED AIRCRAFT MAINTENANCE PROGRAM

Question. The fiscal year 1987 budget request includes $1,318,000 for centralized aircraft maintenance program. What is the fiscal year 1986 funding for this program?

Answer. The FY 86 funding for the centralized aircraft maintenance program is $3,428,000.

Question. Considering the February 14, 1986 DoD (IG) Report on the Audit of Maintenance of Training Aircraft, which stated that the Air Training Command could significantly reduce the cost of T-37 and T-38 maintenance programs if contractor personnel were utilized more, why is the $1,318,000 needed? Will these maintenance programs be contracted out?

Answer. The $1,318,000 growth supports the Air Training Command (ATC) Centralized Aircraft Maintenance Program which provides aircraft maintenance support for the ATC fleets of T-37 and T-38 Aircraft. This program, which is contracted out, provides for economical maintenance to be performed in conjunction with depot level maintenance and modification installations. The oldest T-37 that is flying has been in use since 1956, and the newest is a 1968 model. The T-38s are 1960 to 1970 models. With no replacement aircraft available, crash damaged aircraft are rebuilt by this contract, or two crashed aircraft are salvaged and totally reconstructed to make one usable aircraft. The 1987 requirements include 12 T-38 periodic inspections, 268 T-38 strip formation lights, maintenance associated with 168 T-38 dorsal longeron modifications, 36 T-37 and T-38 strip and paint, 14 T-37 and T-38 strip only, 2 T-37 crash damage restorations, and 3 T-38 crash damage restorations.

AIR FORCE INSTITUTE OF TECHNOLOGY FACILITY

Question. The request of $1,849,000 for the Air Force Institute of Technology (AFIT) Engineering Facility, is justified on the basis of approved construction of an engineering support facility at Wright-Patterson AFB (FY 87 J-Book, pg. 547). Does the construction require Congressional approval? When will construction begin? When will it be complete?

Answer. The construction was authorized by Public Law 99-167, 3 Dec 1985. Funding was appropriated by Public Law 99-173, 10 Dec 1985. Construction will begin in 30 Sep 1986 and will be complete 30 Nov 1988.

PHASE IV EQUIPMENT

Question. How much Sperry equipment will be purchased with the $565,000 for implementation of the Phase IV equipment? (FY 87 J-Book, pg. 548) What are the fiscal year 1987-1990 costs for implementation, conversion support and installation for the Phase IV for MFP 8?

Answer. The $565,000 reflected is for Operation and Maintenance (O&M) of installed Phase IV equipment and will not be used to procure any Sperry equipment. There are no additional fiscal year 1987-1990 costs for implementation conversion support and installation for Phase IV for MFP 8.

DORMITORY AT SHEPPARD AFB

Question. The request of $875,000 for the new dormitory at Sheppard AFB, is justified on the basis of its approved construction (FY 87 J-Book, pg. 548). Does the construction require Congressional approval? When will construction begin? When will it be complete?

Answer. The construction was authorized by Public Law 98-115, 11 Oct 1983. Funding was appropriated by Public Law 98-116, 11 Oct 1983. Construction began 27 Sep 1984 and will be complete 29 Jun 1986. Furnishings and furniture for this project were not requested in the FYs 1985/1986 justification material.

DORMITORY AT MAXWELL AFB

Question. The $400,000 request to furnish a new dormitory at Maxwell AFB, is based on approved construction of the facility (FY 87 J-Book, pg. 548). Does the construction require Congressional approval? When will construction begin? When will it be complete?

Answer. The construction was authorized by Public Law 99-167, 3 Dec 1985. Funding was appropriated by Public Law 99-173, 10 Dec 1985. Construction will begin 20 Jun 1986 and be complete 1 Jan 1988. Furnishings and furniture must be ordered (obligated) in FY 87 to be received by 1 Jan 1988.

UNACCOMPANIED PERSONNEL HOUSING

Question. The fiscal year 1986 budget included a request for $2,869,000 in MFP 8 for furnishings and equipment for unaccompanied personnel housing. How does the fiscal year 1987 request for

$265,000 for the replacement of unaccompanied personnel housing furnishings, relate to the fiscal year 1986 request?

Answer. The $2,869,000 in MFP8 for the fiscal year 1986 budget was not shared by the Air Force Academy; therefore, the two requests are not related. The $265,000 in fiscal year 1987 will be used by the Academy to replace equipment in the airmen's dining hall to feed permanently assigned airmen and Preparatory School Cadet Candidates, and to replace worn-out furnishings in the unaccompanied enlisted personnel housing.

The dining hall equipment is approaching its service life and needs to be replaced. This dining hall services all the unaccompanied airmen and also provides all the meal support for the USAF Academy prep school. Without the new kitchen equipment, we will soon be unable to provide the number of nutritious meals required to support Academy personnel.

The remainder of the money is earmarked for furnishing and replacing unaccompanied personnel housing furniture. Currently, over 300 unaccompanied personnel live off base and the Academy is planning to furnish enough on base space by fiscal year 1992 to bring all these people onto the base. These costs include money identified in fiscal year 1986 that was not authorized and will be used to furnish Building 5220. The furnishings will allow replacement of worn-out, old day room furniture and the upgrade of dorm room furnishings.

This money will be reduced in the out years, but because it has been so long since any improvements have been made, more money is needed now than in the out years. Outyear replacement will be on a scheduled cycle basis.

CADET DINING HALL/LIBRARY UPGRADE

Question. Does the Academy Dining Hall construction program require Congressional approval?

Answer. Yes, it *did* require approval.

Question. If so, when was (is) it included in the military construction budget request?

Answer. It was included in the Academy MILCON package for fiscal year 1985. Construction is scheduled to begin this summer and will be completed in the Spring of 1988. However, the fiscal year 1987 O&M requirement displayed on page 498 in the Air Force O&M justification book is to replace worn out, obsolete equipment and is independent of the military construction project.

ADPE SUPPORT FOR ROTC

Question. The fiscal year 1987 budget request includes $625,000 for ADPE support for ROTC. How many microcomputers will be purchased with these funds?

Answer. The funds will be used to purchase 164 microcomputers and associated software, modems, printers, monitors, and surge protectors. Operating supplies (print wheels, discs, and disc storage containers) necessary to begin using the system will also be purchased with these funds.

[CLERK'S NOTE.—End of questions submitted for the record.]

Mr. CHAPPELL. Thank you very much, General. You have given very fine testimony. We will adjourn until 10 o'clock tomorrow morning.

MONDAY, APRIL 14, 1986.

NAVY AND MARINE CORPS OPERATION AND MAINTENANCE

WITNESSES

REAR ADMIRAL JEREMY D. TAYLOR, U.S. NAVY, DIRECTOR, OPERATIONS DIVISION, FISCAL MANAGEMENT DIVISION

LIEUTENANT GENERAL JOSEPH J. WENT, U.S. MARINE CORPS, DEPUTY CHIEF OF STAFF FOR INSTALLATIONS AND LOGISTICS

R. STOREY, DEPUTY DIRECTOR, OPERATIONS DIVISION

E.T. COMSTOCK, FISCAL DIRECTOR OF THE MARINE CORPS

INTRODUCTION

Mr. MURTHA. We will continue with our review of the operation and maintenance accounts with a hearing on the Department of the Navy O&M funding requests for fiscal year 1987.

Joining us today are Rear Admiral J.D. Taylor, who will discuss Navy programs, and Lieutenant General J.J. Went, who will represent the Marine Corps.

Admiral Taylor and General Went, your biographies and formal statements will be placed in the record. If you wish to make brief opening remarks, please do so at this time.

Admiral TAYLOR. Thank you very much.

If I may start out on the Navy side, I will in the spirit which you have set the tone, sir, submit a further statement with some charts and briefly allude to them.

I would like to extend the sympathy of my ship mates and work mates on the loss of the chairman of the committee, who along with the committee has given us good support in the past and we are going to miss him.

Mr. MURTHA. Nobody has supported the Defense Department more than Joe Addabbo. We feel badly about it. We knew he had been ill for a long time. It is too bad, but a great American is gone.

Admiral TAYLOR. We are here today to speak to readiness. It is a fitting tribute to the chairman that we can measure readiness improvements in the last five years with ships up 94 percent, attack submarines up 69 percent, and aviation squadrons up 200 percent.

We are here to provide answers to your questions concerning our Fiscal Year 1987 budget submission which is at the $25.688 million level for Navy, Operations and Maintenance. This is a relatively level request. It is tantamount to actually level or a little bit negative growth.

I know that we are going to get some questions on that and I am here to show you that within this rather level funding we are going to be more efficient due to the Buy Our Spares Smart program, the

Aircraft Service Period Adjustment program, and our Selected Restricted Availabilities in order to get the same job done with level funding.

We are submitting a budget which has no fat. Everything has been scrubbed out, in fact our scrub took more than a billion dollars out of the Navy Operations and Maintenance before submission to the Office of the Secretary of Defense staff. $500 million came out by the Navy assessment that we can do it better in the shipyards, so ship maintenance is $500 million less this year.

We will maintain a backlog of zero ships in the ship overhaul program. We have taken $100 million out of operating tempo. We are going to have the same tempo of operations, but save $100 million in the way we do it. We have also penalized past performance of the 19 claimants of Navy Operations and Maintenance money for turning in unobligated money. They are being asked to make the economies and efficiencies necessary in order to spend out so we have taken that asset and applied it to other Navy programs. In essence, we are coming in for a budget of $25,688 million, an increase of $616 million, which is really level funded and we are going to do it with economies and efficiencies.

I have no further remarks at this time, sir.

[The statement of Admiral Taylor follows:]

REAR ADMIRAL (LOWER HALF) JEREMY D. TAYLOR

Rear Admiral Jeremy D Taylor is from Baltimore, Maryland and attended the University of Maryland prior to enlisting in the Navy as a Naval Aviation Cadet in 1955. He completed flight training in May 1957.

He is a light attack tailhooker. He has had extended tours in four light attack squadrons and has flown from thirteen different carriers in amassing nearly 6,000 flight hours and more than 1,000 carrier arrested landings. He made his 1,000th landing in June 1977 in an F-4 while in command of Attack Carrier Air Wing THREE to become the 24th member of the Tailhook Association "Grand Club." He flew more than 200 strike missions over North Vietnam while assigned to Attack Squadron 113 from 1966 to 1968. He commanded Attack Squadron 46 from March 1973 to June 1974. During his flying tours aboard ship he qualified as OOD (underway) on USS FRANKLIN D. ROOSEVELT in 1962, and as Command Duty Officer on USS JOHN F. KENNEDY and USS SARATOGA.

REAR ADMIRAL TAYLOR has completed several staff tours including three tours on the staff of the Chief of Naval Operations in OP-96, OP-90, and as Special Assistant to CNO; as Strike Plans Officer on the staff of Commander, Attack Carrier Striking Force, SEVENTH Fleet; as O-in-C of the Light Attack Weapons School, Light Attack Wing ONE; and as Attack Training Officer on the staff of Commander Fleet Air Jacksonville.

His school tours include two years at the U.S. Naval Postgraduate School, Monterey, where he graduated in March 1965 with a B.A. degree in International Relations, and one year at the Army War College at Carlisle Barracks, Pennsylvania, where he graduated in 1975. He is a designated subspecialist in Operations Analysis.

His command tours include Attack Squadron 46 (1973-1974), Carrier Air Wing THREE (1976-1977), the replenishment oiler USS KALAMAZOO (1979-1980), and the aircraft carrier USS CORAL SEA (1983-1984). He commanded the CORAL SEA on an accident-free, around-the-world cruise before entering the shipyard at Portsmouth, Virginia, in September 1983. He was relieved in August 1984 to assume duties as Special Assistant to the Chief of Naval Operations.

He assumed his present financial management duties in May 1985.

Rear Admiral Taylor holds the Legion of Merit, Distinguished Flying Cross, Bronze Star and Meritorious Service Medal among his military awards.

Rear Admiral Taylor and his wife Patricia currently live in Annandale, Virginia. The Taylor's have four children: Deborah, Christopher, Angie, and Lisa.

BEST COPY

Prepared Statement of Rear Admiral Jeremy D. Taylor, U. S. Navy Director, Operations Division of the Office of the Chief of Naval Operations

I appreciate the opportunity to appear before you today to present the Navy's FY 1987 budget request for the Operation and Maintenance appropriations.

I would like to point out that the estimates in this statement do not include any reduction resulting from the Balanced Budget and Emergency Deficit Control Act; however, I will briefly discuss the anticipated impact of the act in FY 1986 near the end of my presentation.

Before discussing the details of the FY 1987 Operation and Maintenance budget request, I would like to emphasize the basic objective which these appropriations support -- the attainment of readiness while maintaining the level of support necessary to meet our global responsibilities. Proper funding of operation and maintenance is the critical element in our ability to control the sealanes and preserve the peace. In recognition of the overall budgetary and economic concerns facing our nation this year, we have stringently reviewed all requirements and we have carefully balanced our resources among readiness, sustainability, modernization and force structure, in order to achieve our national commitment of maritime strength in key ocean areas in conjunction with our allies. The steady course the Congress has helped set to rebuild the Navy, following the declines experienced in the 1970's, must be maintained. With your full support, we will have made great progress in re-establishing our maritime strength so vital to America's security.

In FY 1987, as in past years, we have placed great emphasis on fleet readiness, with increases to support higher force levels and prescribed readiness training. We are acutely aware of the strong competitive demand for the nation's limited resources and have based our FY 1987 budget request on a careful and thorough assessment of the most economic and efficient means to achieve our common objectives. Chart 1 displays the composition of the Navy FY 1987 President's Budget Request, by appropriation category, with obligational authority for operation and maintenance comprising more than one-quarter of the Departmental total.

CHART 1

The operation and maintenance appropriations finance the day-to-day operation of forces located in the United States and around the world, and supports those operations which have the most direct and immediate impact on the current readiness of the Navy. Chart 2 displays the total Department of the Navy Operation and Maintenance request of $28.6 billion, an increase of $0.9 billion over the FY 1986 current estimate.

CHART 2

The appropriation requests include operating funds for 566 deployable battle force ships, 118 strategic sealift ships, 5,012 average operating aircraft (including Navy, Marines and Reserves), 4 Marine divisions, and a network of shore installations and commands. Naval forces, operating under the control of the unified and specified commanders, deploy globally and represent a fully ready combat force in being available on short notice for employment in support of our national policy throughout the world.

OPERATION & MAINTENANCE, NAVY

Chart 3 displays the Operation and Maintenance, Navy request of $25.7 billion, which is $0.6 billion above the current FY 1986 estimate of $25.1 billion. Our FY 1987 request supports increased Navy operating forces, including program increases in Trident operations, aircraft operations (including Marine aircraft), fleet outfitting, and weapon systems support. Additionally, it will finance the total spectrum of increased activity within the Navy support establishment.

CHART 3

Major changes between FY 1986 and FY 1987 are discussed in the following budget activity summaries:

The FY 1987 budget request for Strategic Forces includes increased funding for the ship maintenance and modernization program to reflect the impact of two additional FBM submarines and one additional support ship in the overhaul program. Increased funding for the Trident program is also included, reflecting an additional number of operational submarines and the Kings Bay development.

Funding for General Purpose Forces decreases in FY 1987 primarily due to savings associated with shipyard efficiency and productivity improvements, ship operating tempo cost reductions in fuel and SSN spare parts usage, and the effect of the foreign currency exchange rate. The FY 1987 budget provides for the stand up of seven new squadrons in FY 1987, including two F-14 squadrons, one E-2C squadron, one SH-60B LAMPS MK III squadron, one A-6E squadron, one EA-6B squadron, and one S-3A squadron. A total of 1,479 thousand hours are budgeted to allow Navy and Marine Corps aircrews to maintain proficiency to conduct aircraft operations at 87 percent Primary Mission Readiness, including a 2 percent contribution by simulators. Ship operating tempo is budgeted to remain level with FY 1986 at 29 days per quarter for the non-deployed fleets and 50.5 days per quarter for the deployed fleets. Additional operational ship-months are budgeted in FY 1987, reflecting a net increase of nine active battle-force ships. Due to added emphasis on selected restricted and phased maintenance availabilities over the past two years, three fewer ship overhauls are budgeted for General Purpose Forces in FY 1987. This change in emphasis will provide increased operational availability of the Navy's limited ship assets to the Fleets without increasing maintenance costs.

Program growth in Intelligence and Communications relates to increased levels of effort for design, engineering and installation of equipments in support of communications security, telecommunications and the Worldwide Military Command and Control System. Also included is the centralization of personnel security clearance adjudication. This growth is partially offset by the elimination of the Department of Navy portion of the fixed cost of U.S. Coast Guard Ice-breaker Service. Based upon a new Memorandum of Understanding, the U.S. Coast Guard will fully budget for Icebreaker Service fixed costs. Other program details are classified.

Airlift and Sealift programs decrease in FY 1987 to reflect the elimination of lease-termination liability funding and lower per diem costs for MPS and prepositioned ships, while still allowing sufficient funding to provide for the delivery of two hospital ships as well as the continued growth of the Ready Reserve Force (RRF) to 93 ships.

Central Supply and Maintenance programs provide supply, maintenance, technical, and other logistic and acquisition management support to the operating forces. The funds budgeted in FY 1987 reflect efforts to improve readiness on ships, aircraft, and major weapon systems and equipment. Funding is budgeted for depot maintenance in the areas of AEGIS systems, Point Defense, Search Radar maintenance, Submarine ASW maintenance and Aircraft Rework to maintain the readiness of equipment and weapons systems. A comprehensive program to eliminate the backlog of technical manuals by the end of FY 1991 is being initiated in FY 1987. The elimination of deficient technical manuals will have a positive impact on readiness and will reduce the number of equipment units requiring depot repair. These savings will be realized starting in FY 1988 and will continue to grow as the backlog of deficient manuals decreases. Increased funding and end strength is also budgeted to support the expansion of the Buy Our Spares Smart (BOSS) program. This will increase the number of spare parts to be broken out to competition from 14,200 to 23,000 and will increase the level of contracts awarded on a competitive basis by 9.4 percent over the FY 1986 level. Increases in engineering will remedy design deficiencies and provide specifications for repair of weapons, ship and aircraft systems. Funding also reflects the transfer of Base Operations Support costs from RDT&EN industrially-funded activities to O&MN, as directed by Congress.

Training, Medical and Other General Personnel Activities provide training and education, medical care, and related support to Naval personnel. Increases for training and education are required for: specialized skill training for A and C school curriculum expansion and upgrade, and cost share transfer from the Department of Energy for nuclear power plant operations instruction; flight training TA4J maintenance contract; pilot training rate increases; technical training equipment installation; and major computer upgrades and replacements of laboratory equipment at the Naval Academy. Growth in Medical Support provides for an increase to support the Uniformed Services Medical Treatment Facilities. Within General Personnel Activities, increases in recruiting and advertising are provided to counter the recruiting difficulties being experienced and to increase accessions to counter a projected decline in the retention rate.

Administration and Associated Activities include funding for staff offices of the Secretary of the Navy and the Chief of Naval Operations and provides service-wide support in the financial, legal, and personnel areas. Increases are primarily for: development and support of military manpower and personnel systems; the payment of the Federal employee compensation bill; manpower resource initiatives which document shore establishment workload and manpower requirements; and renovation of Navy accounting systems to achieve GAO standards.

Support of Other Nations provides funding for the Latin American Cooperation Program, emergency medical travel, and the Technology Transfer Program. Funding continues at the same level budgeted in FY 1986.

For NIF and Stock Fund Support offsetting amounts are budgeted to reflect planned and actual funding provided through rebates from industrial and stock funds. A decrease in rebates is projected in FY 1987 since certain FY 1986 rebates reflected one-time savings.

OPERATION & MAINTENANCE, NAVY RESERVE

The Operation and Maintenance, Navy Reserve FY 1987 request of $975.9 million is $63.2 million above the FY 1986 appropriation of $912.7 million. Of the increase, $46.0 million is price growth and $11.3 is a transfer of functions from other appropriations. The remaining $5.9 million is a summation of program increases and decreases throughout the appropriation which are necessary to support more modern reserve forces and a higher Selected Reserve strength.

The appropriation consists of three budget activities: Mission Forces, Depot Maintenance, and Other Support. In FY 1987, Mission Forces funding will provide for the operation and maintenance of 44 Naval Reserve Force ships and for an average of 591.5 operating aircraft with 250,124 flying hours. Also included in Mission Forces is funding for four regular ship overhauls, twelve Selected Restricted Availabilities, four Phased Maintenance Availabilities as well as intermediate level maintenance of ship equipment and selected support, operation of special combat forces, and fleet operational support to NRF ships. The Depot Maintenance budget activity provides funding support for the Reserve aircraft rework program and related engineering support services. The Other Support budget activity encompasses support for various command and administrative activities. In addition to funding headquarters operations, "Other Support" includes funding to operate and maintain six air stations, two air facilities, sixteen readiness commands, and one Naval Support Activity as well as 256 other installations supporting the Naval Reserve Forces.

Significant changes in several program areas displayed in chart 4 are discussed below.

CHART 4

The Air Reserve Force and aircraft rework programs provide for increased air forces readiness in support of a more modern mix of aircraft (FA-18, F-14, A-7E, P-3 mod, and F-21/KFIR) and the Squadron Augment Unit program. The flying hour program increases by 5,063 hours over the FY 1986 level.

Ship operations reflect an increase of 3 FFG-7 class ships, 1 FF-1052 class ship and 1 MCM-1 class ship in the Reserve program as offset by the inactivation of 1 minesweeping ship (MSO), and an increase in reserve ship operating tempo from 14.7 to 21 days per quarter. The increased operating tempo is necessary to accomplish underway training and exercises to establish an acceptable level of readiness for the active and reserve crew of the modern Naval Reserve Force ships. The increase in shipyears from 35.0 in FY 1986 to 42.2 in FY 1987 also contribute to the requirement for increased ship operation funding.

The Naval Reserve ship maintenance program decreases in FY 1987 as a result of the ship maintenance cycles requiring fewer overhauls and phased maintenance availabilities.

Base Operations continue to grow as the Naval Reserve improves its management and support for the growing Selected Reserve which increases from an average SELRES strength of 134,508 in FY 1986 to 147,500 in FY 1987. Recruiting and advertising increases in FY 1987 to build the higher SELRES and TAR strength levels.

The increase in "Other" listed on Chart 4 is primarily due to accounting transactions to reflect the FY 1987 NIF and fuel price stock fund rebates.

CIVILIAN MANPOWER

Civilian manpower comprises a vital segment of the Department of the Navy's manpower resources, with the majority being directly related to our readiness posture. End strength levels for DON civilians are shown below in chart 5.

CHART 5

The FY 1986 and FY 1987 civilian manpower estimates reflect the Department's intent to execute the Navy and Marine Corps' expanding mission and scope of operations without increasing civilian manning levels. The Fiscal Year 1987 estimate incorporates numerous adjustments to accommodate changing program requirements, but no growth in total end-strength is represented. The Department has been able to provide for its requirements by reflecting the continued aggressive pursuit of manpower economies and efficiencies, with major savings attributable to the Commerical Activities and Efficiency Review Programs.

In FY 1985, the Department completed Commercial Activities cost comparison studies on 2,800 civilian positions with total savings of some 1,600 positions, either through decisions to convert to more cost-effective contractor performance or through implementation of "most efficient organizations" for those functions which remained in the public sector. These savings have been incorporated in our estimates. The Department plans to study approximately 5,000 military and civilian positions each year in FY 1986 and FY 1987. In accordance with Congressional direction, no adjustments have been made for anticipated contracting out decisions.

The Department is also reflecting end-strength savings from implementation of the Efficiency Review program, in which in-house functions excluded from study under OMB Circular A-76 are being reviewed to develop Performance Work Statements and "most efficient organizations." The FY 1986 and FY 1987 estimates incorporate projected savings of about 900 in FY 1986 and an additional 1700 in FY 1987 based on planned efficiency reviews.

The end-strength estimates for industrial fund activities incorporate reductions of 1,500 positions in FY 1986 and 1,400 additional positions in FY 1987 associated with DON initiatives to improve efficiency and productivity in industrial fund operations. These savings will be achieved through improved scheduling to achieve the most efficient working tempo, optimum use of overtime, reductions in overhead, and other measures.

The submission also incorporates civilian adjustments for DON initiatives to streamline organizations and program responsibilities, including the disestablishment of the Naval Material Command, and streamlining of operations within the Naval Systems Commands and under the Chief of Naval Education and Training.

Although the FY 1987 end year estimate has been established at virtually the same level as FY 1986, a number of adjustments and realignments have occurred. The following chart summarizes the major FY 1987 adjustments, arrayed by programmatic grouping. These programmatic adjustments reflect the effect of economies and efficiencies achieved under the previously mentioned initiatives.

TABLE 1

Civilian staffing adjustments in FY 1987 will allow the placement of civilians in numerous positions currently filled by military personnel, thus allowing their diversion to more critical operational billets with a direct impact on readiness. Additional civilian positions will be dedicated to management and oversight of spares contracts, thus improving the integrity of our procurement operations. Additional civilians will be employed to improve the physical security of our bases and stations. Other adjustments have been incorporated in industrial activities to ensure that work force and workload are in balance. Manpower levels for aircraft maintenance, ship repair/overhaul and naval laboratories have decreased to match workload, while more manpower will be needed to man additional ships in the Military Sealift Command. Among other adjustments are increases to oversee our growing military construction and facilities acquisition programs, expanded ordnance workload, and requirements for classified programs.

It should be recognized that a majority of the civilian employees of the Department of the Navy are directly related to our readiness posture. Over half of the civilians work in industrial fund activities, which are primarily engaged in depot level maintenance and repair of ships, planes, and associated equipment. Many of the civilians employed at operation and maintenance activities such as supply centers, ship repair facilities, and Naval and Marine Corps air stations and bases contribute directly to operational readiness. The balance of the civilians provide essential support in functions such as training, medical facilities, and the engineering, development, and acquisition of weapons systems, which have a definite, although longer range, impact on readiness.

In summary, the Department of the Navy civilian manpower budget levels reflect the intent of the Department to execute its expanding mission and scope of operation without increasing the total number of civilian employees. The request provides for selected readiness and other essential support increases, and demonstrates a continued strong commitment to manpower economies and efficiencies.

READINESS INDICATORS

Readiness indicators give us a way of summarizing the effect of budgetary changes on the Navy's ability to respond when called upon. The readiness goal is to provide for operation and support of our existing forces that will permit the Navy to respond when, where and at the level required. As I reported last year, we are clearly on course in our readiness improvements. The FY 1987 budget request continues that course. The following charts depict budget indicators which reflect the same message of readiness improvement.

For ship operations, the FY 1987 budget request decreases as a result of fuel price and other stock fund price decreases, while accommodating force changes and additional operating months. The FY 1987 battle forces inventory includes increases of 19 ships, balanced by the retirement of 6 ships. Deployed and non-deployed, operating tempo will continue at the FY 1986 level while reserve coverage increases. Chart 6 displays the factors in fleet operating tempo.

CHART 6

Chart 7 summarizes various categories of activity and levels of funding for maintenance and modernization of active ship forces. The number of overhauls included in the program remain constant at 37 in FY 1987 while phased maintenance and selected restricted availabilities increase by 47. Extensive survivability, hull silencing, and weapons upgrade modernization continue in FY 1987.

CHART 7

Chart 8 depicts Primary Mission Readiness (PMR) as a measure of aircraft operations. The flying hour program is budgeted for a Primary Mission Readiness of 87 percent in FY 1987, the same level as in FY 1985 and FY 1986. The flying hour program provides for 7 new squadrons (2 F-14, 1 E-2C, 1 SH-60B, 1 A-6E, 1 EA-6B and 1 S-3A) in FY 1987.

CHART 8

The various categories of activity and levels of funding for aircraft maintenance and modernization are displayed in chart 9. The primary readiness indicator used for aircraft material readiness is the Mission Capable (MC) rate. This budget reflects a slight increase in the mission capable rate from 73 percent in FY 1986 to 74 percent in FY 1987 and a continued improved full mission capable rate. Decreases in component rework are due to the stock-funding of aviation depot level repairable components begun in FY 1985 and continuing into FY 1987.

CHART 9

I now would like to focus your attention on improvements in several Navy warfare communities. I am pleased to report to you that SSBN force readiness, the Navy's contribution to the strategic triad, is being maintained at an extremely high level. Virtually all SSBNs and SSNs not in overhaul are combat ready.

Turning to general purpose forces, the readiness picture is equally promising. Overall combat readiness of these forces has steadily improved, while at the same time, force structure has increased significantly. The downward readiness trend of the 1970s has been reversed, and the number of ships reporting combat ready has increased steadily. Since 1981 the average number of ships reporting themselves fully or substantially combat ready has nearly doubled. These improvements are largely due to the increased fiscal support provided by the Congress. This support has also permitted the Navy to procure sufficient numbers of repair items and stock them so as to increase time free of serious casualty reports. The support in personnel areas is also directly responsible for the reduction of ships reporting not combat ready for personnel reasons.

Focusing now on naval aviation, our air squadron combat readiness has improved in every category since the beginning of FY 1981. During the period October 1980 through October 1985, the squadrons reporting themselves fully or substantially combat ready increased nearly fourfold. Improvements in deployed squadron combat readiness are considered particularly gratifying; all squadrons now deploy from the continental U.S. combat ready. Budgetary actions in the FY 1981 - FY 1984 timeframe affecting military compensation have had a positive effect on the retention of trained and experienced flight crews. Recently, however, retention rates have dropped, and we will need to take steps to arrest any further decline that may affect readiness in the future.

Aircraft material readiness, as measured by Mission Capable (MC) rates, is up 20 percent since 1981 through FY 1985 acutals. And, based on FY 1987 budget projections will increase to 74%. This reflects increased funding for component and engine rework, more spare parts, as well as better manning in the aviation maintenance ratings.

Supply readiness for ships has also significantly improved since 1981. Shortages of repair parts and threat ordnance, while not totally alleviated, are reaching manageable levels and are continuing to improve.

BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT

As indicated at the beginning of my statement, the reductions required to meet Gramm-Rudman-Hollings targets are not included in these budget estimates. We have, however, been provided the amounts for reduction at the appropriation level. For Operation and Maintenance appropriations our approach has been to initially allocate a pro-rata reduction to all budget activities and claimants. This has the advantage of ensuring that all activities make substantial efforts to identify economies and efficiencies which can mitigate the impact of the Gramm-Rudman reductions. To the extent that this level of savings can not be achieved, we will try to reprogram funds to solve the most pressing readiness problems as part of our midyear review. Therefore, we cannot say at this point what specific programmatic changes will occur as a result of sequestration. We hope to cover significant portions through economies and efficiencies. At the same time, we know there will be reductions to readiness programs such as flying, steaming, depot maintenance, and maintenance of real property.

I appreciate this opportunity to describe the Department of the Navy's FY 1987 operation and maintenance budget and today's battle force preparedness. This budget is part of the building effort to achieve the warfighting capability necessary to meet the threat. We have, with very limited real growth, improved readiness and sustainability while continuing our progress toward a 600-ship Navy.

CHART I

DEPARTMENT OF THE NAVY
FY 1987 PRESIDENT'S BUDGET REQUEST
(IN MILLIONS OF DOLLARS)

APPROPRIATION CATEGORY	FY 1987 REQUEST	% TOTAL
O&M	$28,594	27.6%
MILPERS	24,635	23.8%
PROCUREMENT	36,550	35.3%
RESEARCH & DEVELOPMENT	10,587	10.2%
CONSTRUCTION	1,859	1.8%
FAMILY HOUSING	784	0.8%
STOCK FUNDS	524	0.5%
TOTAL DON	$103,533	100.0%

CHART 2

APPROPRIATION SUMMARY
FY 1986 AND FY 1987
(IN MILLIONS OF DOLLARS)

APPROPRIATION	FY 1986	FY 1987	$ CHANGE
O&M, N	$25,072	$25,689	+$616
O&M, MC	$1,667	1,864	+198
O&M, NR	913	976	+63
O&M, MCR	58	65	+7
TOTAL O&M	$27,710	$28,594	+884

CHART 3

OPERATION AND MAINTENANCE, NAVY

(IN MILLIONS OF DOLLARS)

	FY 1985	FY 1986	FY 1987	FY 86-FY 87
STRATEGIC FORCES	$2,127.9	$2,049.7	$2,476.1	+$426.4
GENERAL PURPOSE FORCES	11,731.1	12,145.9	11,941.4	-204.5
INTELLIGENCE & COMMUNICATIONS	1,107.9	1,098.4	1,170.7	+72.3
AIRLIFT & SEALIFT	645.5	790.6	631.3	-159.3
CENTRAL SUPPLY & MAINTENANCE	6,828.8	6,815.1	6,906.8	+91.7
TRAINING, MEDICAL, & OTHER GENERAL PERSONNEL ACTIVITIES	2,352.6	2,484.6	2,578.3	+93.7
ADMINISTRATION	710.6	760.1	807.0	+46.9
SUPPORT TO OTHER NATIONS	2.5	2.5	2.5	0.0
NIF & NSF SUPPORT	-576.9	-1,074.5	-825.5	+249.0
TOTAL O&M, N	$24,930.1	$25,072.5	$25,688.5	+616.0

CHART 4

OPERATION AND MAINTENANCE, NAVY RESERVE

(IN MILLIONS OF DOLLARS)

	FY 1985	FY 1986	FY 1987	FY 86-FY 87
AIR RESERVE FORCE	282.3	319.4	329.9	+10.5
SURFACE SUPPORT FORCE	11.5	13.7	11.4	-2.3
SHIP OPERATIONS	43.4	47.4	63.8	+16.4
SHIP MAINTENANCE	122.0	173.8	153.5	-20.3
FLEET SUPPORT & COMBAT CRAFT FORCES	6.9	8.9	11.4	+2.5
AIRCRAFT REWORK	137.8	161.6	164.3	+2.7
CONTRACTOR TECHNICAL ENGINEERING SERVICES	9.9	9.9	10.2	+.3
BASE OPERATIONS, MRP & MANAGEMENT HQ	193.2	210.1	215.2	+5.1
RECRUITING & ADVERTISING	9.6	15.4	16.2	+.8
OTHER	-7.0	-47.5	0.0	+47.5
TOTAL O&M, NR	$809.6	$912.7	$975.9	+$63.2

CHART [illegible]

CIVILIAN MANPOWER SUMMARY

	FY 1985	FY 1986	FY 1987	FY 86-FY 87
TOTAL-DEPARTMENT OF THE NAVY	352,860	340,761	340,493	-268
NAVY	330,466	318,645	318,377	-268
MARINE CORPS	22,394	22,116	22,116	0

TABLE 1

FY 1986 ESTIMATE	340,761
CIVILIANIZE MILITARY BILLETS	+ 1,969
SPARES PROCUREMENT INITIATIVES (BOSS)	+ 379
PHYSICAL SECURITY	+ 250
NAVAL SHIPYARD EMPLOYMENT	-2,675
INDUSTRIAL LABORATORIES	-1,137
NAVAL AIR REWORK FACILITIES	-527
MILITARY SEALIFT COMMAND	+ 361
OTHER	+ 1,112
FY 1987 ESTIMATE	340,493
(NET FY 1986 TO FY 1987 CHANGE)	-268

CHART 4

SHIP OPERATIONS TEMPO
(OPERATING DAYS PER QUARTER)

	FY 1985	FY 1986	FY 1987
DEPLOYED	53.6	50.5	50.5
NON-DEPLOYED	27.4	29.0	29.0
RESERVE FORCES	14.7	14.7	21.0

CHART [illegible]

ACTIVE FORCE SHIP MAINTENANCE AND MODERNIZATION

(IN MILLIONS OF DOLLARS)

	FY 1985	FY 1986	FY 1987
SHIP OVERHAULS	2,393.4	2,348.8	2,288.9
RA/TA	1,330.7	1,257.4	1,565.1
MODERNIZATION	1,345.2	1,598.2	1,543.2
INTERMEDIATE MAINTENANCE	326.9	385.2	388.4
TECHNICAL SUPPORT	120.7	142.6	147.5
OUTFITTING	300.5	350.0	393.6
BERTHING AND MESSING	41.4	44.5	40.9
INACTIVATIONS (SALT)	28.8	0.0	0.0
NUMBER OF REGULAR OVERHAULS	55	37	37
NUMBER OF DEFERRED OVERHAULS	0	0	0

CHART 8

AIRCRAFT OPERATIONS

	FY 1985	FY 1986	FY 1987
PRIMARY MISSION READINESS*	87	87	87

*INCLUDES 2 PERCENT SIMULATORS

CHART 9

AIRCRAFT MAINTENANCE AND MODERNIZATION

(IN MILLIONS OF DOLLARS)

	FY 1985	FY 1986	FY 1987
AIRFRAME REWORK	$469.8	$484.9	$513.7
ENGINE REWORK	332.5	325.6	331.9
COMPONENT REWORK	638.5	107.2	58.2
MODIFICATION INSTALLATION	287.7	376.1	300.2
SUPPORT SERVICES	56.9	32.2	26.6
MISSION CAPABLE RATE	71%	73%	74%

Mr. **Murtha**. General Went?

General **Went**. Well, we certainly are pleased and feel it is a privilege to be able to have the opportunity to appear here, Mr. Chairman.

The Corps, too, expresses its loss of the chairman who kept us on our toes asked a lot of tough questions, but always with a sense for a strong defense and we will miss him.

I have a short summary statement and would provide that for the record as well, if I may.

Mr. **Murtha**. Without objection.

General **Went**. That to be joined with a larger statement and with that, I would say I am prepared to respond to your questions.

Mr. **Murtha**. Thank you very much, General.

[The statement of General Went follows:]

UNITED STATES MARINE CORPS
DIVISION OF PUBLIC AFFAIRS • HEADQUARTERS MARINE CORPS
WASHINGTON, D.C. 20380 • TELEPHONE (202) 694-4309

LIEUTENANT GENERAL JOSEPH J. WENT, USMC

Lieutenant General Joseph J. Went is the Deputy Chief of Staff for Installations and Logistics, Headquarters Marine Corps, Washington, D.C.

General Went was born in New Milford, Connecticut, on September 16, 1930. He received his Bachelor of Arts degree in Chemistry from the University of Connecticut in 1952. He also holds a master's degree in Business Administration from George Washington University (1963), and graduated with distinction from the Naval War College, Newport, R.I., in June 1972.

He entered the Marine Corps in July 1952 and was commissioned a second lieutenant in December 1952. Following completion of The Basic School, Quantico, Va., in June 1953, he underwent flight training at the Naval Air Station, Pensacola, Fla., and was designated a Naval Aviator in September 1954.

General Went has served with Marine attack, reconnaissance, transport and fighter squadrons. He commanded Headquarters and Maintenance Squadron 12; Marine Attack Squadron 214; and Marine Aircraft Group 24. He has served in the Plans Division at Headquarters Marine Corps, and as the Comptroller of three commands: the Marine Corps Air Station, El Toro, Calif.; Marine Corps Air Bases, Western Area, El Toro; and the 1st Marine Aircraft Wing.

He assumed duty as Chief of Staff, 1st Marine Brigade, Hawaii, in April 1976. While serving in this capacity, he was selected in February 1978 for promotion to brigadier general. He was advanced to that rank in March 1978, and assumed duty as Deputy Fiscal Director of the Marine Corps, on April 1, 1978. In June 1980, he was assigned duty as Commanding General 3d Force Service Support Group (Rein), FMF Pacific, Okinawa, Japan. He was advanced to major general on June 2, 1982 and assigned duty as Commanding General, 1st Marine Aircraft Wing, FMF, Pacific, Okinawa. General Went served in this capacity until May 1983. On June 6, 1983, he was assigned duty as the Deputy Commander, Fleet Marine Force, Pacific, Camp H.M. Smith, Hawaii. During June 1984, General Went reported to Headquarters Marine Corps where he was assigned as Deputy Chief of Staff for Reserve Affairs.

On June 6, 1985, he became Deputy Chief of Staff for Installations and Logistics with the rank of lieutenant general.

Lieutenant General Went holds the Legion of Merit with Combat "V", and three awards of the Air Medal.

Lieutenant General Went is married to the former Millie Cavaretta of Portsmouth, New Hampshire. They have two children: Sandie, who is married to Dr. James W. Smith of Athens, Alabama; and Angela, who is married to Major Rodney J. W.jas, USMC.

(Revised June 12, 1985 HQMC)

PREPARED STATEMENT OF LIEUTENANT OF GENERAL JOSEPH J. WENT DEPUTY CHIEF OF INSTALLATIONS AND LOGISTICS

INTRODUCTION

Mr. Chairman and members of the Committee: I am Lieutenant General Joseph J. Went, Deputy Chief of Staff for Installations and Logistics, Headquarters, U.S. Marine Corps. It is my privilege to appear before you and present the Marine Corps fiscal year 1987 Operation and Maintenance budget request.

To begin with, I am pleased that, like my predecessors in recent years, I can express the Marine Corps' gratitude to the members of the Committee and the Congress for your support of our efforts to improve the military capability of the Marine Corps. We feel this support has done much to enable the Marine Corps to fulfill its responsibility as our Nation's premier force-in-readiness. We trust we will be able to continue along the road to full capability. The request we have before you for fiscal year 1987 will enable us to continue the trends of the recent past, but I must point out that none of the program attainments and indicators of capability provided in this statement have been adjusted for any known or presumed effects of the Balanced Budget and Emergency Deficit Control Act of 1985.

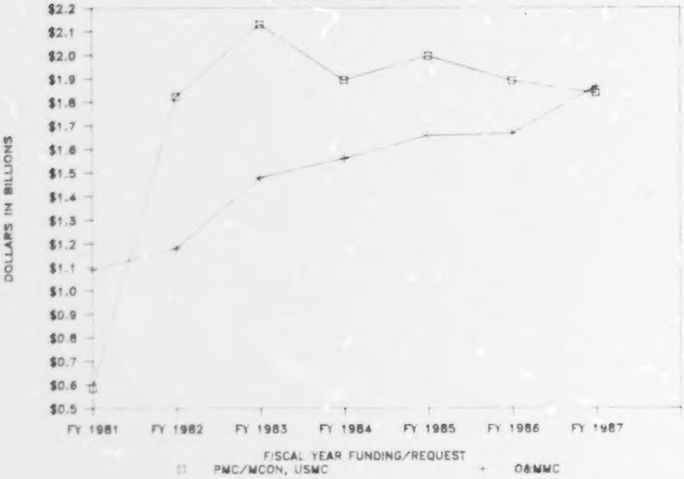
With respect to the structure of this statement, I will begin with a brief discussion of the goals of the fiscal year 1987 Operation and Maintenance, Marine Corps (O&MMC) budget; that is, what are the major objectives we expect to accomplish with the funds we are requesting? Second, I will review what we have done with the funds you have provided in the past, something in the way of a report on our stewardship. Next, I will provide the current status of the major programs funded wholly or in part by O&MMC and review what these programs have done, or will do, for the Marine Corps as well as discuss their current status. The Marine Corps fully recognizes that there is much more to effective program execution than simply spending the money as programmed. I will therefore also review some of the actions we are taking to ensure we obtain the most from available resources. I will follow with a detailed discussion of the entire request, program by program, and then conclude my statement with a brief summary and some closing thoughts.

II. GOALS OF THIS REPORT

The overall goal of the Marine Corps is readiness for combat. Our readiness is built on quality: We recruit and retain quality men and women; we ensure a quality life for them and their families; we obtain and maintain the finest quality of weapons and equipment; we train to deploy and employ a quality force.

Maximizing our military capability with a given level of resources is a complex process. For example, military capability is not improved over time if we put our resources into new weapon systems to the extent that we neither have Marines on board who can operate them properly nor funds to maintain them adequately. It therefore follows that a primary objective of the Marine Corps is to achieve the best balance possible in our overall program.

In the first half of this decade, the Marine Corps procurement budget substantially exceeded O&MMC funding. Also, our Military Construction programs were significantly expanded. The weapons systems, equipment, and facilities obtained during this period are now coming on line, and they must be effectively operated and supported. The goals for O&MMC in fiscal year 1987 are to provide this support through necessary funding for maintenance of equipment, training exercises, maintenance and repair of real property, and programs to improve quality of life for our Marines.



THE CHANGING EMPHASIS

INVESTMENTS VS. READINESS

The graph above demonstrates how our funding requirements are shifting from investment priorities to operations, training, and maintenance of our quality enhancements. The Operation and Maintenance appropriation request for fiscal year 1987 increases in real growth from fiscal year 1986. The Procurement, Marine Corps appropriation request for fiscal year 1987 declines in real growth. We firmly believe that this shifting program emphasis is essential if the Marine Corps is to make effective use of the hardware and facilities that are now on line, or coming on line.

III. STEWARDSHIP OF RESOURCES

The Marine Corps acknowledges that we have received substantial increases in total funding since fiscal year 1981. We would be remiss in presenting our fiscal year 1987 request if we did not discuss how we have used these funds; specifically, what we have done to improve our military capability. The Marine Corps has been following a long range conservative and deliberate pattern of growth in structure and manning since 1981 to support essential modernization. We have been able to recruit and retain higher quality Marines and to equip, train, house, and support them and their families in an acceptable manner. All measures of equipment and training readiness demonstrate that we are more capable than we were in fiscal year 1981. I will provide the specific details later, but I want to sum it up at this point by saying that today's Marine is more capable, better equipped, and better trained than at any time in our history.

IV. STATUS OF MAJOR PROGRAMS

The O&MMC appropriation essentially provides for the continuing support of our operating forces rather than being composed of discrete projects or programs. It does, however, fund some programs that have a separate identity, and I would like to highlight the major ones that impact on this fiscal year 1987 request.

Some of the most vital efforts the Marine Corps is engaged in relate to pre-positioning. Under the pre-positioning concept, the weapons, equipment, and supplies required to mount out and sustain an amphibious force are positioned either afloat or on land in strategically important areas. Participation in the Near Term Pre-positioning Force (NTPF) program was the first such program for the Marine Corps. It was established in 1980 as a means of rapidly moving credible forces to distant locations. The NTPF material was located on ships in the Indian Ocean. U.S. Marine Corps participation in the NTPF is now totally phased out and was replaced in December 1985 by equipment located on Maritime Prepositioning Ships Squadron-2.

The Maritime Pre-positioning Ships (MPS) program is now well under way. It is a permanent, vastly expanded capability compared to the NTPF program. The MPS program will provide the arms and equipment for three Marine Amphibious Brigades, each made up of nearly 16,500 Marines and sailors. MPS Squadron-1 became operational on 30 July 1985 in the Atlantic. MPS Squadron-2 became operational on 31 December 1985 in the Indian Ocean. MPS Squadron-3 is scheduled to become operational on 30 September 1986 in the Western Pacific. O&MMC supports the MPS program by providing for consumable supplies, exercises, and maintenance of equipment to ensure readiness, and periodic transportation of new equipment to modernize the pre-positioned package.

Additional pre-positioning efforts are continuing in Europe to strengthen our capability in the northern flank of NATO. The geographical pre-positioning program in Norway has been designed to provide rapid deployment to a vital area of a brigade-size, integrated air-ground team of approximately 13,000 Marines and sailors and over 150 aircraft. The clothing and equipment for this force are specifically tailored to extreme cold weather operations. This program has the full support of NATO and the Norwegian government, and Norway's contribution of first time equipment as well as adequate facilities has been a meaningful assistance to our pre-positioning requirements.

The Marine Corps instituted the Unit Deployment Program in 1977 to increase combat readiness and reduce personnel turbulence. Additional benefits of the program have included reduced permanent change of station (PCS) costs and improved family stability. In fiscal year 1987, there will be 44 units departing on 6 month unit deployments, including our infantry battalions and tactical aircraft squadrons. As a result of its success, we will expand the program to include four artillery batteries, one additional tank company, and one amphibious assault vehicle company.

Finally, I would like to mention a group of programs that fall into the quality of life category. First and foremost is our Real Property Maintenance Activities (RPMA) program, which has a tremendous impact on the quality of life for our personnel. It includes operation of utilities, other engineering support--pest control, janitorial services, fire protection, etc.--minor construction projects costing less than $200,000, and maintenance and repair of our facilities. I do not think I need to say much about the first two categories except that we expect the funds proposed for the operation of utilities and other engineering support areas in fiscal year 1987 will satisfy our most pressing needs. Our proposed funding in the other two RPMA areas does require a little more explanation. About this time last year we recognized that, with our emphasis on capital investments in recent years, we had not been devoting enough funds to maintenance and repair, or minor construction. As a result, we were not keeping pace with escalating requirements, and backlogs in both areas were growing. At that time, it was too late to alter the fiscal year 1986 funding levels in these areas. We decided, however, that we would increase funding in fiscal year 1987. The proposal before you fulfills that commitment. The added funding for minor construction will help control minor construction backlog, which currently stands at $35 million worth of essential projects. We will not be able to reduce the maintenance and repair backlog at the fiscal year 1987 funding level, but we should be able to slow its growth.

To parallel our efforts in maintaining our real property, we have garrison property accounts to provide furniture and equipment to improve and enhance our living and working areas. These accounts include personnel support equipment, food preparation and serving equipment, military construction collateral equipment, and minor property equipment. We currently have extensive programs underway at Camp Lejeune, North Carolina; Camp Pendleton, California; Marine Corps Development and Education Command, Quantico, Virginia; and at Camp Butler, Okinawa, Japan to improve the quality of life for our Marines.

We have no major new programs in fiscal year 1987.

V. MANAGEMENT ACTIONS

I would now like to discuss some of our efforts at achieving economies and efficiencies in the use of resources. First, I would like to point out that we are projecting a decrease in our fuel consumption by $4.1 million in fiscal year 1987. This projected decrease is in addition to the $3.7 million decrease in fuel consumption we will achieve in fiscal year 1986. These decreases are not related to oil price reductions, but are a result of an ongoing energy conservation program which we estimate will save us an additional $1.1 million in fiscal year 1987.

In our fiscal year 1987 base operations programs, we are saving $1.1 million through the Efficiency Review Program, half as a result of actions to be effected in fiscal year 1987 and the remainder from full year effects of our fiscal year 1986 Efficiency Reviews. The Marine Corps' Commercial Activities (CA) program will save $2.4 million in fiscal year 1986 as a result of civilian personnel conversions or reductions, and fiscal year 1987 should see even higher savings. Equally important to the Marine Corps is the fact that some of the reviews of billets occupied by military personnel lead to those billets either being contracted out or converted to civil service. While such actions create an additional cost to O&MMC, the military personnel are freed up to return to the operating forces or fill other critical shortages.

The Marine Corps is also actively engaged in the Defense Regional Interservice Support (DRIS) program. We have recently completed a review of all Marine Corps DRIS agreements to determine the extent of our involvement with other government agencies. Currently, the Marine Corps is providing services to other Government agencies under 286 agreements valued at $38 million. In 399 other agreements, the Marine Corps is the recipient of $10 million worth of support.

Further, the concern for work force excellence is reflected in the increased usage of engineered performance standards in measuring productivity.

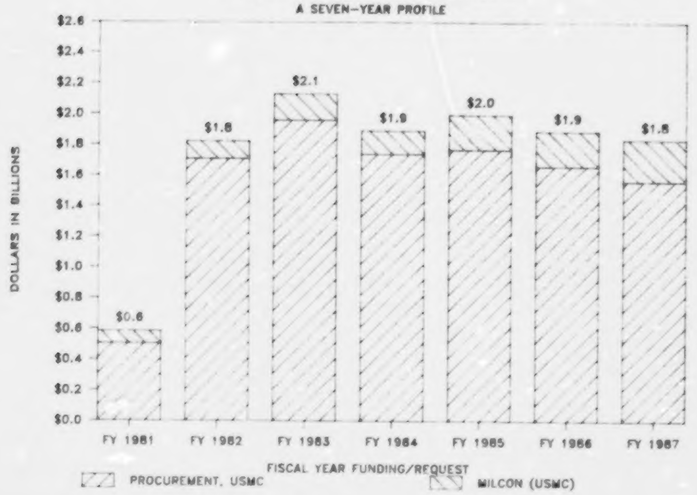
VI. DETAILED DISCUSSION OF O&MMC REQUEST

A. Introduction

The Congress and the American people have made a large investment in the Marine Corps over the last six years to improve our force structure, to modernize our equipment and facilities, and to enhance our readiness and sustainability. The new force structure since 1981 is designed primarily to support new systems in the procurement pipeline. The investment in equipment and facilities is graphically portrayed in this chart showing the Procurement, Marine Corps and the Marine Corps' portion of Military Construction,

INVESTMENT ACCOUNTS

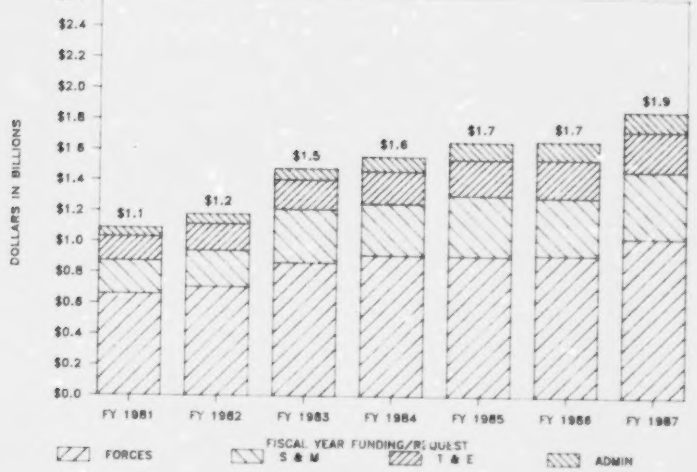
A SEVEN-YEAR PROFILE



Navy funding over the last six years. For comparison, the chart that follows outlines the Operation and Maintenance, Marine Corps funding by budget activity over the same period.

OPERATION & MAINTENANCE, MARINE CORPS

A SEVEN-YEAR PROFILE



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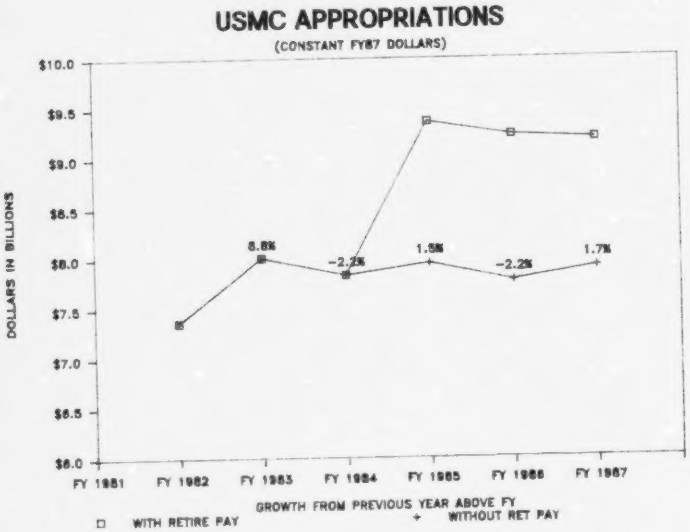
Capital investments have leveled off and are declining because of our commitment to recruit and retain good personnel to man the force structure. Similarly, we believe that we must train our Marines and units to exploit the capabilities we have attained and that we must maintain and use the valuable enhancements in equipment and facilities gained. The Operation and Maintenance, Marine Corps funding requested for fiscal year 1987 necessarily reflects these requirements.

Our O&M funding leveled off in fiscal year 1985 then decreased in real terms in fiscal year 1986. On the other hand, the Marine Corps has invested heavily over the last six years to modernize and improve our combat capability. To operate, support, and properly maintain this investment, the Marine Corps is requesting a net program growth of $118.1 million over the current year, fiscal year 1986, in programs in the operation and maintenance account. This increase in O&M funding in 1987 will enable us to adequately recruit, retain, train, and maintain. The O&M increase is offset by decreases in other appropriations, as shown in the graph below.



I will now outline for the Committee, by budget activity, our fiscal year 1987 Operation and Maintenance funding request.

B. General Purpose Forces

The Marine Corps is prepared for any contingency to do what has to be done, to do it right, and to do it now. This emphasis on readiness necessarily means a continuing focus on the requirements of our operating forces. The following graph demonstrates the priority and emphasis we place in allocating our available dollar resources to the General Purpose Forces budget activity for fiscal year 1987.

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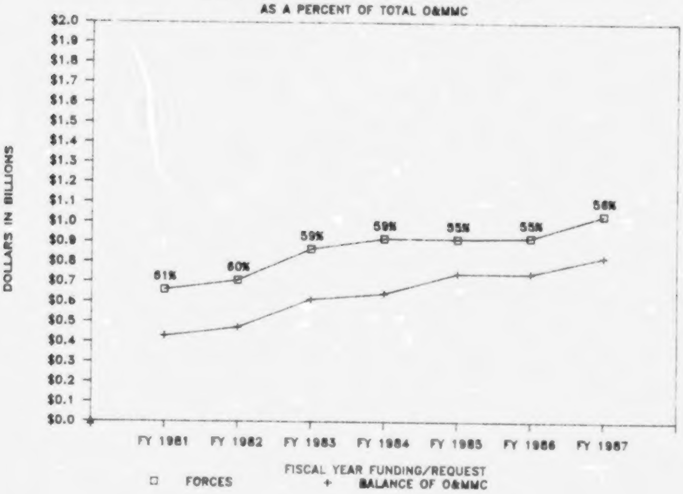
GENERAL PURPOSE FORCES

AS A PERCENT OF TOTAL O&MMC



In the preceding graph, the funding for Budget Activity 2, General Purpose Forces, is compared against the remaining balance of Operation and Maintenance funding. In this, and the charts to follow, the fiscal year 1987 level reflects the current request.

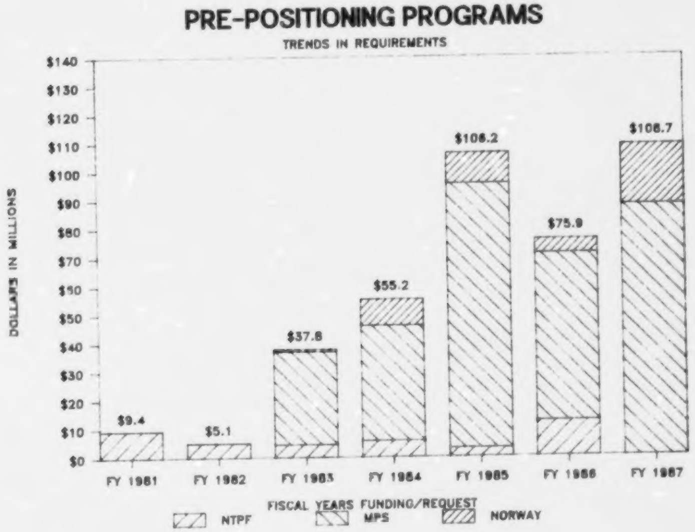
New and different types of equipment; enhanced deployment and employment capabilities; and required facilities to house, train, maintain, and care for our equipment and forces drive the request for funding.

The Maritime Pre-positioning Ships (MPS) program is a unique and strategically significant enhancement to our Nation's ability to signal resolve or deploy combat forces in times of crisis. The program is an adjunct to our amphibious role; yet the uniqueness of the program, from loading the equipment and supplies, to maintaining the combat readiness to off-load and exercise the MPS squadrons, all necessitate additional Operation and Maintenance funding.

During fiscal year 1987, the Maritime Pre-positioning Ships program will be augmented by the addition of two Aviation Logistics Support Ships (TAVB's). Each of these ships will provide an aviation intermediate maintenance activity to support the aviation combat element of a Marine Air Ground Task Force (MAGTF). Funds are required to provide for the essential exercising of these new units.

Finally, some of the requested funding will provide for training exercises for Maritime Pre-positioning Ships brigadesized MAGTFs. This requirement is generated by the need to train the third MPS brigade in fiscal year 1987, which is the first year in which this brigade will have its materiel loaded aboard assigned ships and available for deployment. These funds include travel costs associated with development and implementation of MPS operating concepts and orientation of fleet commands to the uses and capabilities of the MPS program.

The graph and table that follow depict the total O&MMC funding profile for the pre-positioning programs.



($000)

PROGRAM	FY81	FY82	FY83	FY84	FY85	FY86	FY87
NTPF	9,443	5,129	4,467	5,715	3,100	12,334	-
MPS	-	-	32,671	40,379	92,453	58,699	87,677
NORWAY	-	-	701	9,088	10,666	4,901	20,984

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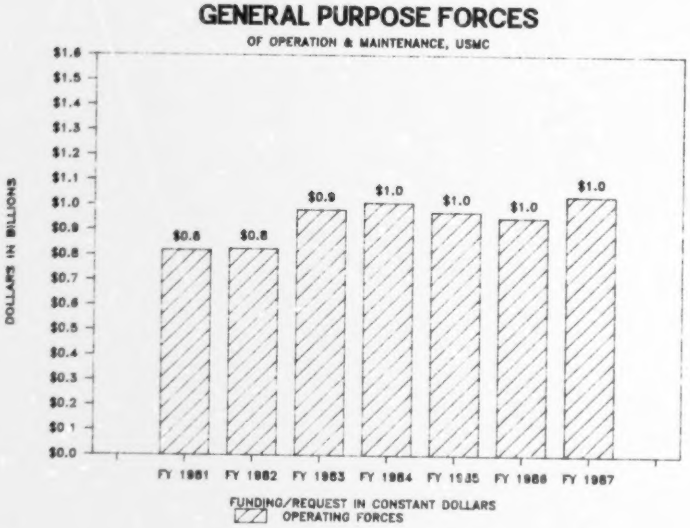
In maintaining our emphasis on "teeth" rather than "tail," we have sustained continued growth in our general purpose forces. The following graph depicts this concept in funding priority, depicted in constant dollars.



The General Purpose Forces base operations program supports the base operations of Marine Corps Bases Camp Lejeune, Camp Pendleton, and Camp Butler; Marine Corps Air-Ground Combat Center, Twentynine Palms; Marine Corps Air Stations Cherry Point, Beaufort, New River, El Toro, Tustin, Yuma, Kaneohe Bay, Iwakuni, and Futenma; and Camps Smith and Elmore.

Base operations funding for these support installations is generally for costs of a recurring nature. The funds provided a station commander must be managed so that installation requirements for operation and maintenance are met in the most economical and effective manner. The installation commander is afforded flexibility in administration within materiel allowances, personnel ceilings, and broad policies established by the Commandant of the Marine Corps. The recurring costs have been increasing due to the greater tempo of operations and training driven by the efforts to enhance readiness. The upkeep and repair of our facilities have been particularly demanding of additional resources. Funding is required for recurring and nonrecurring maintenance and repair of all Marine Corps real property. Timely repairs, preventive maintenance, and routine service work are required on a continuous basis to maintain habitability, prolong the life of the facilities, forestall deterioration, and to protect the Government's investment. Minor construction of new facilities and improvements or alterations to existing facilities are required as a result of essential new functions, introduction of new weapons and equipment, changes in facility utilization, and modifications of older facilities to meet current standards. Maintenance and repair and minor construction efforts provide the quality in our working and living environment that we need at our bases and stations.

"Quality of Life" is a necessary ingredient to sustain morale and show our hard working Marines that we care. Funding is required for replacement, renovation, and upgrade of food preparation and serving equipment. The new equipment items will reduce food waste in processing, preparation, and serving to result in time and labor savings. To improve safety in all Marine Corps bachelor officer and enlisted quarters, we are asking for funds for the procurement and installation of smoke detectors. Smoke detector protection is virtually nonexistent in bachelor quarters in the Marine Corps. Smoke detectors are recognized as one of the most effective devices available to provide for fire safety.

C. Central Supply and Maintenance Activities

This budget activity encompasses the operations of the two Marine Corps Logistics Bases (MCLBs) at Albany, Georgia and Barstow, California. However, the supply and maintenance activities at these two bases support Marine Corps-wide readiness and sustainability.

Supply depot operations (SDO) are conducted at both bases. The mission of the supply depots includes the following: receipt, storage, care-in-storage, inventory, issue, preservation, packaging, packing, and shipment of equipment and supplies; processing, recording, and control of materiel requests and receipt documents; scheduling movement of materiel including rate verification and preparation and processing of bills of lading, and other transportation documents; and assembly and disassembly of sets, kits, and chests, collateral materiel, and end-item components. Marine Corps Logistics Base, Albany, also provides inventory management and distribution of classified and unclassified Marine Corps publications.

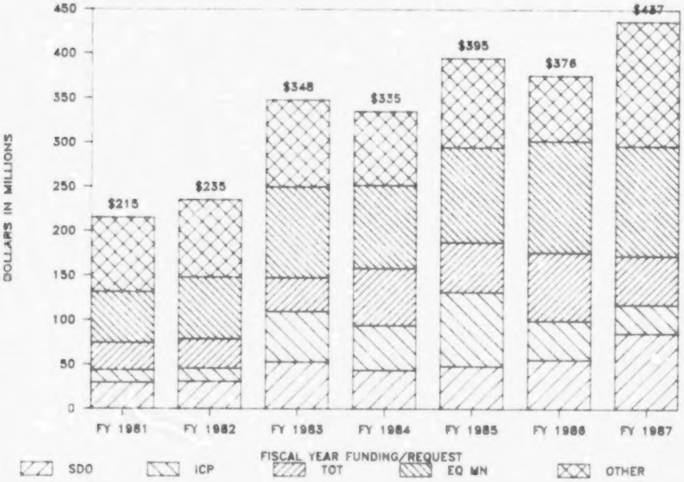
The Logistics Center at MCLB, Albany, conducts operations for the Inventory Control Point (ICP) program. Its mission is to perform weapon systems or equipment support and secondary item management, including requirements determination for assigned materiel; provide the initial range and depth of repair parts, special tools, test equipment, and publications required to support new equipment; exercise technical direction over the primary and specialized direct support stock control elements of the stores distribution system; and worldwide mail order of uniform clothing support.

Two other programs within this budget activity closely relate to Supply Depot and Inventory Control Point program operations. The Equipment Maintenance program funds the depot maintenance, major repair or rebuild, and modification of Marine Corps ground equipment. Repair or rebuild is accomplished on a scheduled basis to maintain the materiel readiness of the equipment inventory necessary to support the operational needs of the Fleet Marine Force. Items programmed for repair are screened to ensure that a valid stock requirement exists and that the repair or rebuild of the equipment is the most cost-effective means of satisfying the requirement. This program is closely coordinated with the Procurement, Marine Corps appropriation to ensure that the combined repair and procurement program provides a balanced level of attainment of inventory objectives for major equipment.

The movement of this equipment and materiel, as well as new equipment and supplies, is funded within Transportation of Things (TOT). This program funds the transportation of Marine Corps-owned materiel and supplies by the most economical mode that will meet in-transit time standards in support of the Department of Defense Uniform Materiel Movement and Issue Priority System. All resources in this program are utilized to reimburse industrially funded or commercial transportation carriers for transportation services. This program finances all costs related to first and second destination transportation of cargo to the operating forces overseas and within the continental United States (CONUS), as well as pre-positioning of Marine Corps materiel and equipment at overseas locations. The significant decrease in funding requested for this program is primarily the result of reduction in transportation charges related to the Maritime Pre-positioning Ships program and completion in fiscal year 1986 of the efforts associated with the return of Near Term Pre-positioning Force equipment to CONUS.

The funding required for Supply and Maintenance Activities for fiscal year 1987 is a continuation of fluctuations since fiscal year 1983, as shown in this graph, which have been caused by cyclic requirements of the pre-positioning programs.

CENTRAL SUPPLY & MAINTENANCE ACTIVITIES



Program increases in Central Supply and Maintenance Activities are primarily attributed to the needs of the geographical pre-positioning effort in Norway and contractor or FMF maintenance operations for the MPS program. Funding is required for receipt and preparation for shipment of the Marine Amphibious Brigade (MAB) materiel scheduled for pre-positioning in Norway; to support transportation costs associated with the programmed increase in the amount of equipment and supplies scheduled for delivery to Norway; and for procurement of unit supplies and equipment, specifically unit property and consumables and unit support items.

The Maritime Pre-positioning Ships program requires funding for procurement of supplies and equipment for modernization replacement of shelf life items for MPS-1, and biennial maintenance support for the equipment and supplies on 7 of the 13 MPS ships. Additionally, funding is required for contractor maintenance operations for the MPS program. These funds will continue shipboard maintenance onboard all three MPS squadrons as well as the biennial maintenance cycle.

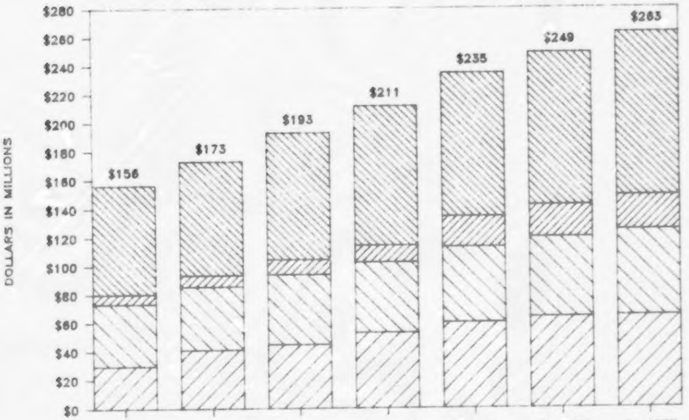
Current regulations require that American flag merchant ships be recertified as seaworthy every two years. This action requires the complete unloading of the Maritime Pre-positioning Ships' cargos. The Marine Corps will use this off-load period to perform required maintenance and inventory tasks precluded by shipboard restrictions. Funds to support this evolution will pay for leasing of port facilities, port services, stevedoring and port handling, travel, transportation, and maintenance costs incurred in the performance of the biennial off-load of seven of the MPS ships. We plan to use our experiences gained from the first biennial cycle for MPS-1 as a baseline for future maintenance cycle periods to determine whether an extended period between maintenance cycles is feasible and appropriate.

The base operations and base communications program packages in Central Supply and Maintenance support the base operations of Marine Corps Logistics Bases at Albany, Georgia and Barstow, California. These program packages provide essential administrative and staff functions such as office services, motor transport operations, maintenance of real property, minor construction, and other engineering support. The operations include, in the administrative services category, such functions as installation financial and military or civilian manpower management, automated data processing and related systems support, printing and reproduction services, and installation safety and legal services. Requested funding has remained relatively stable from previous requests, even though the tempo of operations at Albany and Barstow has increased.

D. Training, Recruiting, and Other Personnel Support

This budget activity can best be discussed by dividing it into four subcategories: Training and Education, Recruiting and Advertising, Other Personnel Support, and Base Operations and Communications. The graph that follows displays the historic funding profile for these categories and includes the requested funding level for fiscal year 1987.

TRAINING, RECRUITING, & OTHER PERS SPT



1. Training and Education

As the tools of our trade have become more technologically advanced and specialized, as today's battlefield has become more complex, and as we have improved the manning of our force structure, demands for training have grown. Yet, as noted in the previous graph, the funding request has remained relatively stable over the last three years. The high quality of our new Marines--both officer and enlisted--is a prime reason for this stability. Their education level is higher and they are better prepared to face today's technological challenges.

Funding in training and education will permit the support of current training loads. Training proficiency will be continued at an acceptable level; adequate materials and serviceable equipment will be available to conduct all phases of application; training requirements set forth in programs of instructions will be met; and graduating students will be qualified in their military occupational fields to perform their assigned duties. Also, our request will adequately support requirements for recruit organizational clothing, replacement of organizational equipment, administrative and janitorial consumable supplies, computer assisted training aids, travel and per diem, professional books and literature, tuition, book and fee charges at civilian institutions, and printing and reproduction of individual training material and schedules, to include correspondence courses. Flight training is funded by the United States Navy.

2. Recruiting and Advertising

We continue our unwavering efforts to obtain high caliber young men and women for our enlisted and officer ranks. In fiscal year 1985, we met or exceeded our goals in every officer accession category. For our enlisted Marine recruiting goals, we nearly exceeded 100% in every category.

The resources in this program support our efforts to recruit sufficient numbers of quality men and women, officer and enlisted, to achieve required force levels. While we must have quantity goals, a principal objective of the Marine Corps is to obtain quality recruits. Emphasis on quality will help reduce first term non-expiration of active service attrition and will increase combat readiness of our Fleet Marine Forces. The recruiting effort is organized on a total force basis that tasks the individual recruiters to procure personnel for both Regular and Reserve forces. This budget request subdivision also provides for advertising that encourages face-to-face contact between the prospect and the Marine recruiter. Advertising is structured to use all conventional media in delivering Marine Corps impressions, with direct mail and magazines used primarily as lead-generating media.

Our request supports our continuing requirement to search for and recruit "a few good men and women." This search is becoming harder as the number of qualified applicants declines.

3. Other Personnel Support

Funding for this subdivision will pay for off-duty education of Marine Corps personnel; 80 Marine Corps Junior Reserve Officer Training Corps (MCJROTC) units; the United States Marine Band; and Marine prisoners incarcerated at the Army Disciplinary Barracks, Fort Leavenworth, Kansas. Funds will finance 75% of tuition and fees in off-duty education; provide pro rata share of pay for [illegible] military MCJROTC instructors; and support requirements for instruments, recording equipment, supplies, and printing services. Also included is reimbursement to the Veterans Administration for the Marine Corps' share of the Veterans Educational Assistance Program (VEAP). There is only a minor program increase requested for fiscal year 1987. This increase is requested for salaries associated with the establishment of three new MCJROTC units, a Marine Corps Band concert tour of 25 days, and an estimated increase in VEAP costs.

4. Base Operations and Communications Support

This program supports base operations at Marine Corps Recruit Depot, Parris Island, South Carolina; Marine Corps Recruit Depot, San Diego, California; Marine Corps Development and Education Command, Quantico, Virginia; base operations functions of Marine Barracks, Washington DC; and the real property maintenance activity at the 1st Marine Corps District, Garden City, New York. Base operations and communications funding is generally for costs of a recurring nature. All operations are planned to provide only essential functions required for recruit, specialized, and professional training. Levels of supply are within allowances prescribed by the Commandant of the Marine Corps.

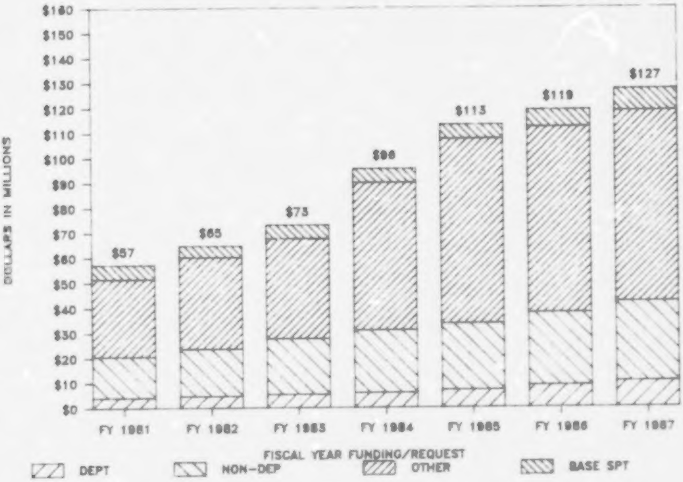
Program increases requested for fiscal year 1987 are required for recurring and nonrecurring maintenance and repair of Marine Corps real property, minor construction projects, and improvements or alterations to existing facilities as a result of new functional responsibilities.

Additionally, funding is required for the conversion of military personnel to civilian or contractor support in support of the Commercial Activities Program. Once a cost comparison has been completed, the military personnel will be returned to the Fleet Marine Force (FMF) or other critical areas, and either in-house civil service personnel or contractor personnel will be hired. Also, the decision to go to direct award for those functions performed exclusively by military personnel, without the requirement for a cost study, will accelerate the conversion of military to civilian personnel.

5. Administration and Associated Activities

The world is becoming more complex; combat requirements have become more demanding and dictate more accurate and timely information. To formulate plans and policy, and administer this growing complexity, Marine Corps management must operate with greater capability through productivity improvements. The program growth requested in this budget activity reflects these requirements. The funding profile for this budget activity is displayed in the following graph.

ADMINISTRATION & ASSOC. ACTIVITIES



Program growth is related to systems design and development, replacement of obsolete computer support equipment, end-user computing equipment, and procurement of software and contractor maintenance of new equipment in support of automated information systems. The Administration and Associated Activities base operation and communications programs finance activities of Headquarters Battalion, Headquarters, U.S. Marine Corps and Air Facility operations of the Marine Corps Development and Education Command, Quantico, Virginia, which provide for the administrative support for the military personnel assigned to Headquarters, U.S. Marine Corps and Marine Helicopter Squadron One (White House support), respectively.

Requested funding will also help to maintain real property and fund quality of life enhancements for these activities.

VII. SUMMARY

In recent years, the Congress has authorized and appropriated the funds to provide new weapons, equipment, and facilities for your Marine Corps. These enhancements to Marine Corps hardware and facilities were urgently needed, and we are indeed proud of what you have made available for us. Although we have not met all our investment requirements, we are acutely aware of our obligation to ensure that our new weapons and facilities are operated to their full potential and properly maintained. In recognition of this obligation, the Marine Corps is making a significant adjustment in the distribution of its total obligational authority in fiscal year 1987. For the first time since fiscal year 1981, our O&MMC request exceeds our combined procurement and military construction requests. While this adjustment constitutes a major shift in emphasis for our fiscal year 1987 program, we are convinced it is the correct course.

The fiscal year 1987 O&MMC budget contains funds that are needed to operate and maintain the weapons, support equipment, and facilities that we are acquiring during this decade. Our Operation and Maintenance request represents a real increase over fiscal year 1986 funding, but the fiscal year 1985 and 1986 O&MMC programs were, in real terms, basically level with fiscal year 1984. The increase in the O&MMC funding request is offset by a decrease in other Marine Corps appropriations for fiscal year 1987. We need the funds requested to train our quality Marines and units to operate effectively with our new materiel coming on line, and to properly care for our existing facilities and equipment.

In his posture statement for fiscal year 1987 the Commandant stated: "Your Marine Corps is ready! It will remain ready because of our investments in quality: quality people, an improved quality of life, the finest weapons and equipment, and superb integrated training." Your past support of the Marine Corps enabled the Commandant to make this positive, confident statement. Your support of our fiscal year 1987 Operation and Maintenance request will go a long way toward ensuring that future posture statements also conclude on an upbeat note.

BRIEF OPENING STATEMENT
LIEUTENANT GENERAL JOSEPH J. WENT
DEPUTY CHIEF OF STAFF, INSTALLATIONS AND LOGISTICS,
HEADQUARTERS, MARINE CORPS

Mr. Chairman and members of the Committee, it is a privilege to appear before you this afternoon to present the fiscal year 1987 Marine Corps Operation and Maintenance budget request. I have a detailed statement to submit for the record but would like to take the opportunity to make a few remarks at this time.

First of all, I want to thank the members of the Committee, and the Congress, for your strong support of our efforts to improve the military capability of the Marine Corps. The budget we have before you will enable us to continue along the road to full capability, but I must point out one thing. None of the funding levels or program attainments included in our request have been adjusted for any known or presumed impact of the Gramm-Rudman-Hollings Law.

With that brief, but essential, point out of the way, I would like to say something about the goals of this budget. The overall goal of the Marine Corps is readiness for combat. We believe the cornerstone of readiness is quality: we are recruiting and training quality men and women; we are endeavoring to provide a wholesome, quality way of life for our Marines, Sailors and their families; and, we are obtaining quality weapons and equipment while we strive to keep them in the very best condition. All of these efforts, when coordinated in the right way, enable us to train to deploy and employ a quality, combat ready force. Each of these areas is like a link in a chain, and we are well aware of the need to achieve balance to avoid any weak links.

In a real sense, then, what this fiscal year 1987 O&M budget is all about is balance. The O&M budget before you provides for $118.1 million in net program growth. We are asking for increased support in Operation and Maintenance but we believe that this request is both reasonable and supportable. Our total fiscal year 1987 Marine Corps program is relatively unchanged when compared to the amount available for fiscal year 1986.

There is good reason for emphasis on Operation and Maintenance in our budget request this year. In the early 1980's, the Congress provided the Marine Corps with sorely needed funds to buy new weapons and equipment and build new facilities. For the most part, those weapons, equipment and facilities are on-line. We believe that our responsibility now is to focus our attention toward getting the most out of their operational capability while preserving and enhancing our investment. Thus, the goal for O&M in fiscal year 1987 is to give balance to our overall program by providing our forces the funds needed for maintaining their weapons and equipment, carrying our challenging combined arms training, maintaining and repairing our real property, and improving quality of life for our Marines, Sailors and their families.

Recognizing that we have received substantial increases in total funding since fiscal year 1981, I would like to assure you that we have put those funds to good use. You will be pleased to know that our materiel and unit readiness are at an all time high. We frequently test our readiness through realistic, integrated air-ground combat readiness exercises. The results of our quantitative readiness indicators and our combat readiness exercises give us a high degree of confidence that we have the ability to meet the most sophisticated enemy on any battlefield. In short, I think you can share our confidence, and be sure that the American taxpayers are truly getting their money's worth for investing in the Marine Corps.

I would now like to point out what is occurring in our Fleet Marine Forces and the supporting training, operating and logistic activities that will result in increased operation and maintenance expenditures in fiscal year 1987 as compared to fiscal year 1986.

$79.5 million of the $197.6 million increase in our O&M request is attributed directly to price increases, leaving a real growth of $119.1 million. The $118.1 million increase in real growth is attributed mainly to the following:

First, loading out of the third and final squadron of Maritime Prepositioning ships, operations and exercises associated with the fully operational Maritime Prepositioning ships program, and commencement of the first maintenance cycle or the equipment contained in ships of the squadron that set sail last summer.

Second, full scale efforts to attain our goal of completing the land prepositioning program in Norway by 1991 and the cost of transporting those supplies and equipment.

Third, a concerted effort on our part to substantially improve quality of life for our Marines, Sailors and their families and to slow down and ultimately reverse the growth in backlog of real property maintenance and repair at our installations. Concurrently with these efforts we are experiencing an increase for maintenance and utilities for our new facilities and a need to make a reasonable investment in minor construction to improve and alter some of our old facilities.

Finally, we will need O&M dollars to convert appropriate military billets to civilian personnel or contractor support where proven to be more efficient for commercial type functions.

To sum it all up, the Marine Corps is making a significant adjustment in the distribution of its budget authority in fiscal year 1987. For the first time since fiscal year 1981, our O&M request exceeds our combined procurement and military construction requests. In recent years, you provided the funds for new weapons, equipment, and facilities for your Marine Corps. These enhancements were urgently needed, and we are indeed proud of what you made available to us. We still haven't met all of our investment requirement, but we have an obligation to ensure that our new weapons and facilities are operated to their full potential and properly maintained. Our fiscal year 1987 request meets that obligation.

In this year's posture statement, the Commandant said:
"Your Marine Corps is ready! It will remain ready because of our investments in quality: Quality people, an improved quality of life, the finest weapons and equipment, and superb integrated training." Your support in the past enabled General Kelley to make that statement. Your support of our present request will go a long way toward ensuring that future reports to the Congress by our Commandant will also reflect that upbeat tone. Thank you.

I will now be pleased to take your questions.

GRAMM-RUDMAN-HOLLINGS IMPACT ON NAVY O&M

Mr. MURTHA. Would you tell us, from a Navy-Marine Corps standpoint, how Gramm-Rudman-Hollings has affected you and how it will affect readiness for O&M?

Admiral TAYLOR. It is a 4.9 percent across-the-board reduction to the claimancies of Navy O&M. We applied the cut when the word came down in the January-February time frame, and tried to distribute it across all the budget activities; within those activities at a level so that if you exempted somebody at 4.9 percent, somebody else didn't have to pick up in essence a 10 percent hit.

I have just completed a mid-year review of the Navy's ability to do that and there is an impact which is not fully assessed at this time, but I can give you some ideas of where we have had to take some real serious moves to accommodate the Gramm-Rudman 4.9 percent reduction in our account. Backlog of maintenance and repair of real property will go up. We have worked real hard in the 1986 submission to bring it to containment at about the $950 million level.

The Congress took our $801 million request last year and cranked it up $45 million. With the 1987 submission, we added $100 million to maintenance of real property and the OSD staff added $50 million, so that we came into the fiscal year 1986 with a $996 million commitment to the maintenance of real property. However, Gramm-Rudman will, I think, probably cut into that by no less than $50 million which is going to take our backlog of maintenance and repair and change it from the submission you have before you to put it beyond containment at over a billion dollars of backlog for maintenance repair.

I know we have been unable to absorb Gramm Rudman without impact—we are looking at it and I don't know what the impact will be. We will know in a couple of weeks as we resolve the mid-year review and distribute the assets available. We are probably going to have to slip a couple of ship overhauls from the last month or two of fiscal year 1986 into 1987.

Mr. MURTHA. Concerning ship overhauls, is that going to cost a lot more by putting them off?

Admiral TAYLOR. No, sir, it can't. Everything we are doing is to drive the cost down, fixed pricing, competition now between the private and public yards. It will be the budgeted amount, about the same cost. I see no growth in just a couple of months.

Mr. MURTHA. If you have even a small inflation rate, if you have somebody geared up to do the work and you put it off, that has to cost you money. I don't know how that could not cost money. Anything we put off, either stretched out or canceled, it invariably costs money either by getting less for the money we have spent or just——

Admiral TAYLOR. Yes, sir. You make a good point and it is not the preferred course and I agree that it will cost some more, but I should also point out that we are at the present time looking for economies and efficiencies and in the case of shipyards the cost shouldn't be more.

One of the things that the Secretary has done, as you know, is, along with quality, to put cost upfront and then let the scheduling slip, if required, and in so doing you eliminate or you greatly decrease over time, showing a savings, as long as the schedule doesn't run too much longer. He is also employing Coopers & Lybrand management assistance to strive——

Mr. MURTHA. But there is a certain efficiency that is lost when you put these things off. For instance, if you have a shipyard which schedules certain work over a period of time, and you say, "Well, we are going to do it, now we are going to give it to you in six months," they have to lose personnel, lay people off, something is going to suffer. I don't see any way that you can be proficient by delaying this type thing. I don't think we are getting the most for our money when you start cutting back on operations and maintenance?

Admiral TAYLOR. I concede it will cost some amount more, but we don't have an alternative because we don't have the money in 1986. With a 4.9 percent reduction, $1.3 billion came out of Navy O&M so we cannot accommodate the full program that we had originally planned—Congress as well as the OSD staff and our staff have done a thorough job of scrubbing the funding requests so there isn't the kind of money in excess in the Navy O&M budget to accommodate the original program. If I came here and told you we could do everything with $1.3 billion less, then we weren't doing our jobs last year.

Mr. MURTHA. I understand that and I believe that we are going to have to shift some priorities ourselves when we set the final budget. If you remember, five or six years ago we put an extra $5 billion into spare parts in order to get the services up to the place where they needed to be. I can see we are going to be back in the same situation in three or four years we were five years ago and that is what we want to avoid.

Admiral TAYLOR. But I can tell you from talking to virtually everybody in the fleet and all the comptrollers that this is where we are going. You mentioned spare parts, the way our telecommunications people are absorbing the impact is to dip into their spares rather than to continue the purchase—to keep the shelf, the extras that they could grab and put out there. We are going to dip into our spares here. In that same claimancy, antenna repair is a constant problem and one that requires full funding to stay operational——

Mr. MURTHA. I can remember when 50 percent of the combat aircraft were deadlined because of lack of spare parts. That wasn't more than five or six years ago. We are moving in that direction again when you are cutting back and not realistic in presenting to us what you can do with the total amount of money you have available, both O&M and procurement.

You have to tell us so that we can decide on whether this is a priority or not and you have to be frank about it. I realize when they tell you you have to cut back, you have to do the best you can, but we just can't go back to the days where we start having combat readiness affected so dramatically as it was a few years ago.

For instance, you are building up to a 600 ship fleet, and all this new procurement takes more men, more maintenance, plus the old equipment that has to be modernized. There is no question in my mind you can't maintain this large a fleet at a high level if you are cutting back in money. The bottom line is, what is the figure that the Navy can maintain adequate readiness at, and when I say adequate, I am talking about the readiness we set out to maintain as a goal.

Is that the pre-Gramm-Rudman-Hollings figure? Is that the figure that you need?

Admiral TAYLOR. Yes, sir. I would say that is it. The fiscal year 1987 submit at $25.688 billion level takes into consideration a lot of initiatives that are ongoing. For instance, I can give you the details on what our buy, our spare parts program is doing and the 1974 initiatives under that umbrella to drive down the costs. Catalog prices up 12 percent in the years preceding 1985, now down 12 percent by just the price fighter "should cost" initiatives which enables us to know what a toilet seat should cost before we buy it, those sort of things. We have turned on everybody with a hot line to drive costs down. Those initiatives, as well as the way we operate the fleet, gives me absolute belief that we can operate the Navy, which is now reaching either in construction or at sea already the 600 ships that the Secretary has stood for and been supported very well by the Congress.

The cost of maintenance is actually a factor of how good is your procurement. Reliability and maintainability has been picked up.

Look at the F/A-18's operating in the Mediterranean from Coral Sea now, 95 percent ready. We don't need the parts or maintenance because it was built in at high price on the procurement side. If we take this example, I see good reason to see that with level funding you can achieve your readiness goals and in fact increase them as we are with the 1987 submit.

A 4.9 percent, one-year reduction, puts us back a bit, but if you double that with a trigger that is going to lay on an 8 or 10 percent reduction in 1987, now you are talking about going back to where we were five years ago. In a matter of two years, you will undo everything that has been done in the last five years, but if you support the 1987 submit, I don't think that kind of impact will be there. We will have made the backlog increase. It is going to take money to make it go away no matter how you cut it in repair, aviation, ship overhauls, or the parts we are going to use up. This is damage that will take dollars to recover from.

Mr. MURTHA. I understand what you are saying, but what we need are facts that overcome the profile. The goals of Gramm-Rudman-Hollings are going to be met by this Congress, and what we have to do is adjust the priorities so that the items that are necessary for readiness are taken care of. It is all well and good to say we can reduce cost by increased competition and I appreciate that and that is what we should be doing, but you have to give us an estimate of what you could live with to maintain the readiness at the level that you need in order to operate in a combat situation.

In summary, are you saying then that with the cutback this year in operation and maintenance, even though you are making every proficiency you can, it will hurt you some. By next year, if we were to go with an even larger cut, you are going to have a hard time maintaining readiness, are you not?

Admiral TAYLOR. The word would be catastrophic damage, Mr. Chairman.

GRAMM-RUDMAN-HOLLINGS IMPACT ON MARINE CORPS O&M

Mr. Murtha. General Went, would you comment on the impact of Gramm-Rudman-Hollings on the Marine Corps?

General Went. Yes, sir.

I think we need to begin by saying that in our budget submission we have about $118 million in real growth in the O&M account this year, and we see that as a true and hard requirement. I believe the question was initially phrased in terms of what would the Gramm-Rudman-Hollings law do to us in 1986, and in terms of 1986, we took about a $81 million hit in O&M.

This has been spread over a number of areas, principally in base operating support, some training, support of the FMF, and then a substantial amount of money out of Norway prepositioned supplies. We took some money out of MRP as well and this will in turn cause larger growth in the backlog of maintenance and repair that has been growing. The outlook for 1987, of course we hope that the Congress will be able to fund our request for 1987. If, on the other hand, we are required to take some cuts of the size that are suggested by the press and some of the numbers that we see, then it will mean hard times for us.

I might express this in terms of the kind of readiness that we have achieved over the last five years. We have moved from about the mid-eighties percent readiness in our combat essential equipment up to 94 percent ready. In terms of our aviation element, we have had a 16 percent increase in our mission-capable aircraft. To give you some idea of what that means, that translates to about 180 aircraft that are in an up condition today that were not in 1980. That equates to about 12 additional squadrons of ready aircraft. If we take the kind of cuts that are forecast as a result of Gramm-Rudman, then I can see a situation where we lose, in the course of a year or two, all those gains that we have achieved over the course of the last five or six years.

So I would simply say that we have high hopes that the Congress will be able to see its way clear to funding the net growth that we have asked for in our O&M account. I will provide additional detail for the record.

[The information follows:]

The major effect of Gramm-Rudman on our FY 1987 O&MMC going-in position will be in the real property maintenance area. We do not anticipate a serious depot maintenance backlog or a need for reduction-in-force at the end of FY 1986. We can't address the end of FY 1987 situation unless we know what the dollar impact will be. If we get significant FY 1987 reductions and we are required to distribute them evenly among our programs, we will face serious problems in all our programs and at all our activities. We would obviously experience increases in the backlog of maintenance and repair (BMAR) and have a serious depot maintenance backlog at the end of FY 1987 if Gramm-Rudman cuts are significantly above those imposed in FY 1986. We may not be able to effect our civilian personnel reductions through attrition. Since reduction-in-force costs more than it saves because of severance pay and related costs, we would have to request an early-out program to cut back civilian personnel costs.

Mr. Murtha. For the record, provide a detailed description showing FY 1986 request, FY 1986 estimate in the FY 1987 request, current FY 1986 estimates after Gramm-Rudman-Hollings, and FY 1987 estimates. Please break out this description, first by Budget Authority and budget program, and then by aggregating programs, such as real property maintenance and flying hours.

[The information follows:]

The information available is displayed in the following table. This table reflects initial distribution of FY 1986 sequestration at the budget activity level assuming a 4.9% reduction to all claimants of Navy Operation and Maintenance. Final distribution below the budget activity level will be determined as programs are executed.

Department of the Navy
Summary of Requirements by Activity Group
(Dollars in Thousands)

	FY 1986 Pre-Gramm-Rudman					
	Budget Request	Appro-priation	Estimate in FY 1987 Budget	FY 1986 Seques-tration	FY 1986 Post Gram-Rudman	FY 1987 Request
BUDGET ACTIVITY 1: STRATEGIC FORCES						
Trident Program	123,501	123,478	114,938			146,524
Strategic Wpns System	811,467	807,427	786,678			847,192
Ship Operations	120,444	120,424	117,638			115,258
Ship Maintenance and Modernization	796,728	796,878	810,511			1,115,142
Communications	70,550	70,523	69,335			73,819
Space Sys Operation	17,857	15,915	15,915			18,656
Command and Staff	25,106	24,912	24,496			24,909
Maintenance of Real Property	21,128	21,131	26,376			35,068
Base Operations	86,183	85,111	88,337			101,602
Technical Operating Budgets						
AVDLR Withdrawal Credits	-4,550	-4,550	-4,550			-2,120
TOTAL BA-1	2,068,414	2,061,249	2,049,673	100,434	1,949,239	2,476,050
BUDGET ACTIVITY 2: GENERAL PURPOSE FORCES						
TACAIR/ASW Operations	1,855,498	1,850,085	1,620,862			1,683,125
Fleet Air Support	389,881	389,760	382,876			374,177
Ship Operations	2,277,360	2,202,645	2,157,481			2,002,786
Ship Maintenance & Modernization	5,278,221	5,250,096	5,316,166			5,252,442
Combat Support Forces	115,201	115,158	113,817			125,591
Fleet Operations Support	189,093	173,612	186,494			179,526
Other Warfare Support	34,863	34,869	33,687			35,641
Fleet Air Training	667,226	666,766	619,033			613,124
Fleet Ship Training	47,188	47,213	44,373			38,397
Unified Commands	24,516	24,409	25,827			29,847
Fleet Command & Staff	105,623	100,908	104,523			104,594
Cruise Missile	87,183	86,354	78,070			109,417

Department of the Navy
Summary of Requirements by Activity Group (Cont'd)
(Dollars in Thousands)

	FY 1986 Pre-Gramm-Rudman					
	Budget Request	Appro-priation	Estimate in FY 1987 Budget	FY 1986 Seques-tration	FY 1986 Post Gram-Rudman	FY 1987 Request
BA-2 (Cont'd)						
Foreign Currency	0	-156,000	136,800			0
Maintenance of Real Property	382,244	373,578	500,558			434,473
Base Operations	1,167,787	1,111,599	1,105,235			1,230,241
Coast Guard Support	0	115,000	115,000			0
Tech. Oper. Budgets/C.O. AVDLR Withdrawal Credits	-631,711	-631,711	-594,911			-271,963
TOTAL BA-2	11,990,173	11,754,341	12,145,891	581,388	11,564,503	11,941,418
BUDGET ACTIVITY 3: INTELLIGENCE & COMMUNICATIONS						
Security Program	371,060	371,636	371,964			400,383
Naval Communications	413,139	399,795	393,529			443,803
Leased Communications	209,449	206,858	203,291			198,676
Worldwide Military Command & Control	18,680	18,823	20,040			26,786
Management Headquarters	7,608	7,907	7,907			7,899
Other Communications	177,402	166,207	162,291			210,442
Specialized Support	339,974	324,600	332,914			326,526
Environmental Prediction Support	208,171	194,238	197,434			184,694
Naval Observatory	7,999	7,071	6,343			8,488
Maintenance of Real Property	23,508	24,131	30,084			27,452
Base Operations	100,296	99,160	99,053			105,892
TOTAL BA-3	1,124,173	1,096,031	1,098,407	53,822	1,044,585	1,170,712

Department of the Navy
Summary of Requirements by Activity Group (Cont'd)
(Dollars in Thousands)

	FY 1986 Pre-Gramm-Rudman Budget Request	FY 1986 Pre-Gramm-Rudman Appro-priation	FY 1986 Pre-Gramm-Rudman Estimate in FY 1987 Budget	FY 1986 Seques-tration	FY 1986 Post Gram-Rudman	FY 1987 Request
BUDGET ACTIVITY 4: AIRLIFT AND SEALIFT FORCES						
Sealift Prepositioning & Surge	787,311	790,605	790,605	38,740	751,865	631,308
BUDGET ACTIVITY 7: CENTRAL SUPPLY AND MAINTENANCE						
Naval Air Systems Command	2,384,215	2,386,280	2,526,862			2,303,463
Aircraft Rework & Maintenance	1,247,479	1,246,139	1,325,965			1,230,545
Air-Launched Weapons Rework and Maintenance	103,495	101,760	122,796			106,992
Other Aviation Sys Maint	269,598	269,041	294,152			218,920
Maintenance Support	30,496	30,486	30,682			30,536
Procurement Operations	48,291	48,614	50,524			51,167
Command and Administration	22,346	22,943	28,247			24,099
Field Operations	273,658	275,370	273,543			271,152
Logistics Support Activities	138,757	135,488	143,406			129,827
Industrial Preparedness	0	0	923			384
Engineering & Supt Services	99,402	99,536	107,694			94,197
Contractor Technical and Maintenance Support	130,971	130,742	120,934			92,359
ASW Systems Support	5,206	4,010	5,687			5,705
Maintenance of Real Property	6,017	13,711	13,807			7,898
Base Operations	8,499	8,440	8,502			39,682
Naval Sea Systems Command	2,109,402	1,981,848	2,007,539			2,227,637
Ship-Launched Weapons Rework and Maintenance	82,414	81,305	92,294			132,663
ASW System Maintenance	160,242	161,514	173,571			184,656
Other Ship Systems Maintenance	307,322	218,467	214,013			237,009
Intermediate Maintenance	14,842	14,780	13,172			14,187

Department of the Navy
Summary of Requirements by Activity Group (Cont'd)
(Dollars in Thousands)

	FY 1986 Pre-Gramm-Rudman			FY 1986 Seques-tration	FY 1986 Post Gram-Rudman	FY 1987 Request
	Budget Request	Appro-priation	Estimate in FY 1987 Budget			
Naval Sea Systems Command (Cont'd)						
Maintenance Support	190,294	180,334	180,521			190,507
Procurement Operations	208,520	213,426	216,449			219,938
Command & Administration	32,392	32,128	32,703			30,866
Field Operations	173,013	178,109	175,526			172,108
Logistics Support Activities	461,392	429,577	425,515			460,186
Industrial Preparedness	0	0	1,152			1,027
Engineering & Support Services	236,309	231,962	241,960			318,454
Contractor Technical and Maintenance Support	44,980	45,356	45,336			52,778
ASW Systems Support	129,249	126,790	122,171			131,805
Maintenance of Real Property	12,297	13,402	15,463			20,639
Base Operations	56,136	54,698	57,693			60,814
Naval Supply Systems Command	1,283,853	1,262,037	1,265,652			1,348,608
Supply Operations	265,661	264,354	279,681			308,587
Inventory Control Operations	245,873	247,[illegible]	251,450			272,367
Procurement Operations	89,612	76,709	53,160			61,177
Command & Administration	33,321	31,176	30,270			37,211
Field Operations	7,518	7,702	7,676			7,721
Servicewide Transportation	394,760	381,760	384,818			384,088
Retail Sales Operations	87,662	89,155	87,700			89,264
Maintenance of Real Property	24,237	26,034	29,125			39,787
Base Operations	135,209	137,281	141,772			148,406
Naval Facilities Engineering Command	413,81[illegible]	357,536	406,592			381,082
Command and Administration	17,663	18,294	17,954			16,652
Field Operations	97,486	56,273	103,264			84,712
Logistic Support Activities	100,295	76,734	78,549			87,833
Maintenance of Real Property	109,984	123,357	124,517			99,384
Base Operations	88,382	82,878	82,308			92,501

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Department of the Navy
Summary of Requirements by Activity Group (Cont'd)
(Dollars in Thousands)

	FY 1986 Pre-Gramm-Rudman					
	Budget Request	Appro-priation	Estimate in FY 1987 Budget	FY 1986 Seques-tration	FY 1986 Post Gram-Rudman	FY 1987 Request
Space Warfare Systems Command	526,319	526,093	520,807			534,035
Electronic Maintenance Rework and Maintenance	84,766	85,120	79,197			79,005
Maintenance Support	39,265	38,693	35,321			33,430
Procurement Operations	36,292	37,537	37,937			37,312
Command & Administration	5,911	6,108	6,747			6,728
Field Operations	50,859	51,474	52,071			52,364
Logistics Support Activities	46,276	45,204	39,884			37,595
Industrial Preparedness	0	0	0			37
Engineering & Support Services	84,446	84,705	74,426			86,835
Contractor Technical and Maintenance Support	6,552	6,515	6,377			6,247
ASW Systems Support	164,385	164,177	180,651			184,491
Maintenance of Real Property	1,100	1,101	1,743			2,206
Base Operations	6,467	6,459	6,453			7,785
Office of Naval Acquisition Support	70,506	55,501	55,903			60,994
Command and Administration	20,040	12,499	8,915			8,198
Field Operations	47,487	40,178	46,541			52,595
Industrial Preparedness	2,377	2,377	0			0
Base Operations	602	447	447			201
Chief of Naval Operations (OP-098F)	30,787	30,271	27,223			37,946
Field Operations	30,629	30,113	27,223			25,729
Maintenance of Real Property	96	96	0			3,034
Base Operations	62	62	0			9,183

Department of the Navy
Summary of Requirements by Activity Group (Cont'd)
(Dollars in Thousands)

	FY 1986 Pre-Gramm-Rudman					
	Budget Request	Appro-priation	Estimate in FY 1987 Budget	FY 1986 Seques-tration	FY 1986 Post Gram-Rudman	FY 1987 Request
Administrative Assistant to the United States Navy	0	0	4,536			13,009
Command and Administration	0	0	0			9,910
Field Operations	0	0	3,686			2,449
Industrial Preparedness	0	0	850			650
Chief of Naval Operations (OP-92)						
Industrial & Stock Fund	-280,300	-1,074,450	-1,074,450			-825,477
Exchange Personnel						
Base Exchanges	0	0	0			0
TOTAL BA-7	6,538,592	5,525,116	5,740,664	271,181	5,469,483	6,081,297
BUDGET ACTIVITY 8: TRAINING, MEDICAL & OTHER GENERAL PERSONNEL ACTIVITIES						
Training	988,365	965,295	938,523			1,003,546
Recruit Training	5,064	5,067	5,025			5,093
Specialized Skill Training	166,266	162,630	158,915			173,373
Officer Acquisition	44,002	42,114	41,303			46,816
Professional Development Education	33,452	23,514	29,371			37,286
Navy ROTC	46,130	46,098	45,620			49,150
Flight Training	296,416	289,777	279,974			293,927
Training Carrier Operations	20,120	20,118	18,152			19,338
Other Training Support	376,915	375,977	360,163			378,563
Medical Support	519,286	519,943	539,302			565,738
Care in Regional Defense Facilities	141,352	142,171	130,209			135,577
Station Hospitals & Medical Clinics	165,406	167,294	188,657			188,453
Dental Care Activities	15,526	15,506	14,835			17,247

Department of the Navy
Summary of Requirements by Activity Group (Cont'd)
(Dollars in Thousands)

	FY 1986 Pre-Gramm-Rudman					
	Budget Request	Appro-priation	Estimate in FY 1987 Budget	FY 1986 Seques-tration	FY 1986 Post Gram-Rudman	FY 1987 Request
Medical Support (Cont'd)						
Care in Non-Defense Facilities	84,854	84,709	97,615			103,290
Other Health Activities	73,503	72,369	71,853			83,962
Education & Training Health Care	29,891	29,168	27,450			28,455
Command-Health Care	8,755	8,726	8,683			8,754
Personnel Support	265,893	259,782	254,347			277,474
Recruiting Activities	65,531	62,425	62,427			78,700
Advertising Activities	23,296	23,267	23,267			24,701
Other Personnel Activities	95,797	92,398	89,278			90,452
Off-Duty & Voluntary Education	58,533	58,582	53,097			55,836
Civilian Education Program	16,400	16,785	20,005			21,606
NJROTC	6,336	6,325	6,273			6,179
Base Operations	747,902	750,427	754,575			737,192
Maintenance of Real Property	202,073	213,350	225,363			230,190
Base Operations	545,829	537,258	529,212			507,002
AVDLR Credits	-2,109	-2,109	-2,109			-5,700
TOTAL BA-8	2,519,338	2,493,338	2,484,638	122,174	2,362,464	2,578,250
BUDGET ACTIVITY 9: ADMINISTRATION & ASSOCIATED ACTIVITIES						
Departmental Administration	86,940	79,370	82,266			80,177
SECNAV Staff Offices	38,565	37,260	37,155			41,234
CNO Staff Offices	48,375	42,110	45,111			38,943

Department of the Navy
Summary of Requirements by Activity Group (Cont'd)
(Dollars in Thousands)

	FY 1986 Pre-Gramm-Rudman					
	Budget Request	Appro-priation	Estimate in FY 1987 Budget	FY 1986 Seques-tration	FY 1986 Post Gram-Rudman	FY 1987 Request
Servicewide Support	180,883	182,104	179,016			186,620
Navy Finance Activities	102,846	104,211	101,135			107,926
Naval Audit Service	26,346	26,331	25,794			26,453
Naval Data Automation Command	7,386	7,344	7,178			7,438
Public Affairs	2,416	2,462	2,658			2,666
INSURV, Legal and Administrative Activities	41,889	41,756	42,251			42,137
Manpower Management	167,154	154,911	148,006			166,480
Manpower Management Headquarters	3,848	3,940	4,416			8,753
Naval Military Personnel Command	117,386	106,364	102,055			111,217
Navy Manpower Engineering Center	20,353	18,781	17,096			20,697
Navy Family Allowance Activity	2,773	2,858	2,695			3,061
Military Manpower Management	11,643	11,561	10,427			11,202
Civilian Personnel Management	11,151	11,407	11,217			11,550
General & Special Program Support	332,214	337,502	350,849			373,723
Special Program Support	191,603	191,281	201,917			219,898
Maintenance of Real Property	22,591	27,395	28,629			25,462
Base Operations	118,020	118,826	120,303			128,363
TOTAL BA-9	767,191	753,887	$760,137	37,247	722,890	$807,000
BUDGET ACTIVITY 10: SUPPORT TO OTHER NATIONS						
Support to Other Nations	2,508	2,504	2,504	123	2,381	2,465
TOTAL O&MN	25,797,700	24,477,071	25,072,519	1,205,109	23,867,410	25,688,500

CONSTRAINED FUNDING IN FY 1987

Mr. McDADE. General, are there any significant Marine Corps programs or activities that are underfunded in the fiscal year 1987 budget due to fiscal constraints?

General WENT. The area that we would have to say is most underfunded is our real property maintenance. We have never been able to reach the congressional containment goal of about $106 million. Our requirement grows every year because of the construction of new facilities, the aging of our facilities, the fact that they——

Mr. McDADE. That is the only area?

General WENT. Principally that is the area——

Mr. McDADE. How much is that backlog now, General?

General WENT. That backlog in 1987 is projected to be about $357 million. In our current budget we had made substantial investment there, about $285 million and that would arrest and begin to decrease the backlog for us, but as I look ahead to the sort of question you raise about possible cuts because of Gramm-Rudman, then we don't know how that will turn out.

Mr. McDADE. What is the containment level?

General WENT. $105.9 million.

Mr. McDADE. And the backlog——

General WENT. Our backlog is projected to be about $357 million in FY 1987.

STEAMING HOURS

Mr. McDADE. Admiral, I want to go back to your statement in which you indicated that you plan to save $100 million in steaming hours in fiscal year 1987. How are you going to do that?

Admiral TAYLOR. Well, we are planning on using a battleship surface action group in lieu of a carrier battle group in some cases. We will make the battle groups that do deploy a ship or two smaller. We will slow up the speed of advance for ship deployments, remain at anchor longer while taking more boilers offline to reduce the numbers of barrels of oil being used, and we will perform more training while operating closer to home. We will do more operations off the Virginia capes instead of Puerto Rico.

Mr. McDADE. You testified that you will do it all out of current readiness?

Admiral TAYLOR. Yes, sir. That is the Chief of Naval Operations directive.

Mr. McDADE. Last year there was an appeal to a cut made by the Senate on this bill. Do you remember that?

Admiral TAYLOR. Yes, sir, and we lost $85 million which has been hard to absorb.

Mr. McDADE. You appealed to us and we got you some back and you absorbed the whole amount and then some.

Admiral TAYLOR. I think the original mark was $85 million and you got us the $20 million back and it is a good thing you did because it is what is keeping us steaming in the Gulf of Sidra now.

Mr. McDADE. You took $65 million in reductions and moved $45 million around in that account, didn't you? That makes me skeptical because last year there was about the same amount of money around, and you did absorb it all despite the fact that you came to us on a reclama and we supported you.

Admiral TAYLOR. We may have had to move a little out of MRP. The flexibility that was in the budget is now gone.

SEQUESTRATION FLEXIBILITY

Mr. McDADE. Let's talk about that. We had defined in the committee report the levels of activity subject to a Gramm-Rudman cut should it occur. I am sure you are familiar with that language, aren't you?

Admiral TAYLOR. Yes, sir.

Mr. McDADE. What does that do to you in terms of flexibility?

Admiral TAYLOR. Well, it is increasingly restrictive and I can tell you where these are that some places you can't take the cuts.

Mr. McDADE. That is what we are interested in. I would like to know where those areas are and if the Navy and the Marine Corps, both of you, if you will look at those items and you can suggest some way that you can be helped with flexibility we would like to know about it.

Admiral TAYLOR. I would like to work with the staff on that if I may because, as I said, the submit has already had a billion dollars taken out of it so what flex there was before——

Mr. McDADE. The point is that our language is what sets up those line items and we are doing it to try to keep everybody in control of their own budgets. If there are accounts where that language causes you undue loss of flexibility, we would like to know about it and perhaps we can change the language.

Admiral TAYLOR. Two come to mind now that are giving me and my staff a lot of pain. In BA-4, the Strategic Sealift account is civilian manned and we are kind of stuck with a going rate for a seaman and we cannot change that short of tying up ships which are essential to readiness.

Mr. McDADE. That was very controversial when it went through here.

Admiral TAYLOR. That is one area where we are having a very difficult time because there is no flexibility in the account. I am having a hard time finding the money somewhere else. In BA-8, with the medical command we cannot decrease the quality of medical care for our people so therefore we have a built-in exemption which takes up a lot of our resources in the BA-8 account.

Additionally, there are all kinds of growth in the public health service hospitals and in the CHAMPUS programs which are being absorbed in the BA-8 activity in 1986 which tells me that another cut in those areas without some kind of help from you is going to be really hard to take in 1987. It is just typical—name a program and I will tell you what the prospect is.

HOSPITAL SHIPS

Mr. McDADE. Let's talk about hospital ships.

What is the programmed delivery schedules for the two TAH hospital ships and are they still on schedule?

Admiral TAYLOR. The delivery schedule for TAH-19 is February 1987. The expected delivery date for the TAH-20 is November 1987, and I am told that they will deliver ahead of schedule.

Mr. McDADE. We want some detail about what you are going to do in peacetime use of the ships.

Admiral TAYLOR. Yes, sir. I am waiting for the word myself. It is in discussion between OSD and the Navy now, what the operational concept of these ships will be. We are currently budgeted for our way of preparing the ships. Additionally some funding is available for steaming them in support of Navy operations. It has been suggested by Dr. Mayer that we may want to talk about this. There are other good ideas on how these ships can be employed to support a national policy.

Mr. McDADE. You haven't reached a decision?

Admiral TAYLOR. That is true.

Mr. McDADE. Provide a breakout by type of cost in all accounts of the total cost to operate and maintain, including medical supplies, the Mercy in this peacetime mission versus what the cost would be to maintain it in a reduced operating status.

[The information follows:]

[In millions of dollars]

Alternative	Enhancement	Operations	Total
1. ROS-5	0	11.0	11.0
2. Goodwill As Is	7.5	28.7	36.2
3. Goodwill W/O Helo	26.0	28.7	54.7
4. Goodwill With Helo	33.5	29.8	63.3

Mr. McDADE. Please answer the rest of the questions on this subject for the record.

[CLERK'S NOTE.—Questions submitted by Mr. McDade and the answers thereto follow:]

Question. The Services are all experiencing some difficulty in manning certain medical specialties, where does the Navy plan to obtain the medical staff to man the Mercy for this peacetime mission? Will you be robbing personnel from other Navy facilities?

How can you claim that the retirement of third world populaces will provide wartime experience? What is the likelihood of Navy physicians treating people with war-like injuries?

It is our understanding that the TAH ships are designed and equipped to receive wounded primarily via helicopters. How will being tied up at pier side in some third world port provide training for medical evacuation procedures out in the ocean?

Any medical treatment of foreign nations would be considered humanitarian assistance, is the Navy seeking foreign aid funding to pay for this assistance?

What guarantees does the Committee have that the Department won't utilize the Mercy to provide aid to covert operations.

Answer. The Navy has not finalized its plans, at this time, as to what mission the hospital ship program will perform. One alternative is a one-year goodwill world cruise, another is placing them in a ROS-5 status. Discussions between the Department of the Navy and the Department of Defense are ongoing to determine which mission, if any, the hospital ship program will serve in peacetime. Answers to these questions will be provided upon final determination of peacetime use.

BALLISTIC MISSILE INACTIVATIONS

Mr. McDADE. Admiral, we have heard reports that the White House is considering the temporary drydocking of two Poseidon submarines scheduled for dismantling in May. I understand the decision on this issue will be made in the White House, but you might be able to enlighten us on certain aspects of these inactivations.

First off, what will be the budgetary impacts in fiscal year 1986–87 of a decision to dry dock these two SSBNs?

Admiral TAYLOR. My deputy, Mr. Storey, has just jumped on this one.

Mr. STOREY. First off, we have budgeted in fiscal year 1987 funding to do the overhaul of the two ships at approximately $256 million. There are some alternatives. One alternative is drydocking which really means taking the ships to a shipyard and tying them up. The cost of doing that would be approximately $20 million a year for maintenance alone. A second alternative is to inactivate those ships. The cost there would be on the order of $50 million.

Mr. McDADE. Well, it is curious that you have $256 million to do them over, repair them——

Mr. STOREY. To overhaul them and to maintain them as active ships, if the President decides, and the Congress concurs.

Mr. McDADE. You are talking about doing a total overhaul and then drydocking?

Mr. STOREY. No, sir. We have budgeted for the most expensive alternative.

Mr. McDADE. Your alternatives are overhaul, drydock——

Mr. STOREY. One, overhaul and maintain as active fleet ships, two, put them in a shipyard in a semi-active status, or three, decommission and dismantle.

Mr. McDADE. What is the cost of that?

Mr. STOREY. Dismantlement would cost approximately $50 million.

Mr. McDADE. $50 million for both ships?

Mr. STOREY. Yes, sir.

Mr. McDADE. What happens to the crews if there is a drydocking here? Are they assigned to other ships or what happens to them?

Mr. STOREY. There would be a requirement to maintain a substantial portion of the crew with the ship as long as it has an active reactor plant.

Mr. McDADE. So they would stay with the ship?

Mr. STOREY. Yes, sir.

Mr. McDADE. Thank you, Mr. Chairman.

TACAIR FLYING HOURS

Mr. MURTHA. Let's talk about Navy TACAIR flying hours.

Admiral, what are the minimum number of flying hours per month necessary to keep an experienced Navy pilot mission ready comparable to a C-1 unit status?

Admiral TAYLOR. Just as it has been for my 30 years in Naval aviation, about 25 hours per month per pilot.

Mr. MURTHA. Is that experienced and inexperienced——

Admiral TAYLOR. We make no differentiation between the two. That may be done within the operational squadron; between an experienced and inexperienced pilot there might be a couple of hours. The more difficult missions go to the more experienced pilots.

Mr. MURTHA. What are the advantages gained by Navy pilots in flying above the minimum mission ready level?

Admiral TAYLOR. There is a very marginal benefit to flying more than 25 hours. The only time we fly more is when we are given the missions during a deployment to fly at what we call 115 percent of primary mission readiness. That is just because the sort of commitments that are laid on a deployed carrier require you to fly many more hours. That comes out of hiding later when a pilot returns from a six-month deployment. He doesn't fly for the first month and then flys a lower number of hours in subsequent months. Just before deployment starts he concentrates on getting his experience back aboard the ship, as well as weapons delivery.

Mr. MURTHA. Are your pilots more proficient than they were in, say, fiscal year 1980?

Admiral TAYLOR. By every measure. We have a better pilot than we have ever had before. The cockpits are much more demanding. It is like going out to man the new cars coming off the assembly line with all the fancy boxes and gadgets. It is not like strapping on something with a couple of idiot lights. We have increased the complexity of the airplanes with multiple missions. For instance, the F/A-18 is both a fighter and an attack aircraft with one man sitting in the cockpit. He has to be smart. You cannot cut down the number of hours on that pilot without giving up some of the missions he is flying. The real test of a pilot's proficiency is his ability to successfully perform his assigned mission in a wartime environment. We have had fewer airplanes lost I believe over the past couple of years.

Mr. MURTHA. Are they more proficient due to increased flying hours, a better training, or what? Also, what is the relationship between accidents and flying hours?

Admiral TAYLOR. I think that the capabilities that we are building into today's airplanes are the most significant thing. We also have standardized procedures and command attention as never before on this problem, but it is the individuals who are going through training are optimizing all the lessons learned, the ones paid for in blood. One of the lessons we have learned is that it takes a carrier pilot about 25 flying hours a month to maintain proficiency and when you start to decrease that you start to push it.

Mr. MURTHA. You fall below 25 hours a month, you run into problems?

Admiral TAYLOR. Higher risk and in some cases losses.

Mr. MURTHA. Is that true for the Marine Corps also?

General WENT. Yes, sir. I would make a couple of comments.

We are in the same regime, 25 hours a month. Regarding the experience and inexperience of the pilot in terms of number of hours, I would describe that as kind of a teacher-student relationship, you need a teacher in the classroom the same number of hours roughly that you need the student there. If we look at our improvement in mission readiness, over the last five years, we have made some substantial improvements to the flight hour program and we can see almost a doubling of the number of squadrons that are fully combat capable today as compared to 1980. If we look at it in terms of safety, the safety record in 1980 was 9.83. It was 5.23 last year. If you measure in terms of air crew caused accidents, 23 out of 40 in 1980, 10 out of 23 in 1985, cutting that in half.

You can attribute that directly to the pilot skills and the proficiency of the crews we have now. On the other side of the question, there are several things that contribute to that. The flight hour program is made up of a lot of things, oil, gas, parts, and the organizational and intermediate maintenance that is available. As I indicated, the number of aircraft that are mission capable today compared to five years ago has increased by 16 percent. That equates to 180 aircraft that are on line now compared to 1980. That is the equivalent of about 12 squadrons. So two things are happening: better maintained aircraft on the one side, and more proficient pilots. The combination is a quantum increase in readiness and a much better safety record.

It has taken five years to make that progress. We have now as a result of Gramm-Rudman taken about a two or three percent cut in the flight hour program in terms of primary mission readiness. That is going to equate to three or four hours per pilot per month this year. If we see that sort of thing inching back, I think we could lose in a year or two the edge we have taken five to six years to develop.

Mr. MURTHA. That is what we are trying to get you to say because we are convinced that if you just take the attitude that OSD says you cut back and get by the best you can, we are not going to get anyplace. We are going to find you back where you were four or five years ago.

Public opinion has turned against defense spending. Five years ago, sixty-six percent of the nation said spend more for defense. Now 66 percent say spend less. In the meantime, we have to adjust the priorities.

I appreciate what you are saying. I believe it is imperative that O&M suffer less than the rest of the programs. I hope that this committee will be able to adjust the FY 1987 budget so we take a little more out of procurement and a little less out of O&M. We have to make sure that what we have in the fleet is operating properly and ready to go to war.

Please answer the remaining flying hour questions for the record.

[CLERK'S NOTE.—Questions submitted by Mr. Murtha and the answers thereto follow:]

Question. Is there any way to quantify or measure improved proficiency and if so can you assess the relative impact of each of the aforementioned factors?

Answer. The recent introduction of new and improved weapon systems, better maintenance support and increased opportunity for our aircrews to train on ranges that emulate real world threat environments has enhanced the proficiency of today's pilot Technological advances which were not available in FY 1980 make a comparison difficult, but today's pilot appears to have an edge on the 1980 pilot. The real test of a pilot's proficiency is his ability to successfully perform his assigned mission in a wartime environment. Recent events in the Mediterranean to halt terrorism attest to our pilot proficiency. This is the goal for which we train.

Question. We know that there have been considerable improvements in your aircraft safety levels. Would you compare aircraft accident rates now to those in FY 1980?

Answer. The information follows:

DEPARTMENT OF THE NAVY CLASS A ACCIDENT RATES (MISHAPS PER 100,000 FLIGHT HOURS)

	CY 1980		CY 1985	
	Number	Rate	Number	Rate
Total	115	5.94	73	3.39

Question. Can you identify the decrease in accident rates as a result of pilot error, equipment malfunction or failure and any other reason?

Answer. Accident rates due to pilot error and equipment malfunction have decreased, as shown below.

DEPARTMENT OF THE NAVY CLASS A ACCIDENT RATES (MISHAPS PER 100,000 FLIGHT HOURS)

	CY 1980		CY 1985	
	Number	Rate	Number	Rate
Pilot	67	3.46	32	1.48
Material	32	1.65	24	1.11

Question. A case can be made that the wear and tear on the aircraft as a result of the increased flying time could actually cause more accidents than if you flew less. How would you respond to this assertion?

Answer. A comprehensive program to monitor aircraft fatigue has been in existence in the Department of the Navy for some time. An increase in flight hours will cause an aircraft to reach its service life more quickly, but will not necessarily increase accident rates through wear and tear. Current maintenance procedures provide for continuing inspections to detect material deficiencies and deterioration prior to catastrophic failure.

Question. Is there a level of flying hours per pilot per month when there is little or no gain in proficiency and, in fact, the cost exceeds the benefit? Can you assure the Committee that the flying hours are used for hard core training purposes and not just practicing take offs and landings and instrumentation drills?

Answer. Each of the various type aircraft have a training syllabus which identifies specific training events for assigned warfare mission areas. The syllabus includes take-offs, landings and instrument flights in order to maintain basic skills. These flights are a precursor to flying more demanding training flights, such as Air Combat Maneuvering/Defensive Air Combat Maneuvering and weapons delivery. Each aircraft is assigned multiple missions. The bulk of the syllabus is devoted toward Primary Mission Readiness areas, but secondary and tertiary mission areas also must be flown in order to maintain full combat readiness.

Question. Does the Navy have a system to allocate more flying hours to newer, less proficient pilots, than to the older, more experienced pilots?

Answer. No formally instituted system allows the allocation of more hours to one pilot over another regardless of experience. However, the judgment of executive operations, and pilot training personnel, when applied in conjunction with syllabus training ensures that priority for flight hour allocation goes to new pilots ensuring that they achieve the hours necessary to safely and efficiently develop their flying skills.

Question. Is it not true that the best indicator of how much training a pilot receives is not how many hours he flew, but the number of sorties?

Answer. Pilot training requirements in the Department of the Navy are based on a specific training syllabus that is tailored to a particular type model series aircraft. The syllabus dictates the average number flight hours needed to complete each segment of training to become proficient in the warfighting skills for the applicable weapons system. The total number of hours required by the syllabus are stated in hours per crew per month which is the yardstick utilized to measure pilot proficiency. The number and length of sorties needed to complete a training syllabus varies considerably depending on the pilot's ability. The Navy considers the hour per crew per month method of evaluating pilot training far superior to that of sortie measurement and does not maintain records on sorties.

Question. What were the average number of sorties per pilot per quarter flown in FY 1980 and what is your FY 1987 projection?

Answer. The average hours per crew per month in FY 1980 was 27 hours. The FY 1987 President's budget reflects an average of 26 hours per crew. We do not maintain records on numbers of sorties.

Question. What were the average flying hours per sortie in FY 1980 versus FY 1987? If there is growth in this average, explain the reason?

Answer. The average hours per crew decrease slightly from an average of 27 hours in FY 1980, down to 26 hours per crew in FY 1987. We do not maintain records on numbers of sorties.

Question. What is the growth in Navy flying hours from FY 1986 to FY 1987?

Answer. For Navy TACAIR/ASW squadrons, the growth between FY 1986 and FY 1987 is 27,976 hours.

Question. How much of the growth results from increases in active aircraft inventory?

Answer. Flight hours in TACAIR/ASW provide training for aircrews. The growth between FY 1986 and FY 1987 is a direct result of aircrew increases, changes in the number of hours required to train crews, or a higher level of Primary Mission Readiness (PMR). The Department does not increase flight hours due to increases in the aircraft inventory.

Question. How much of the growth results from increases in average flying time and how does that affect the average per pilot per month.

Answer. None. The average flying hours per month remain constant as shown below.

DEPARTMENT OF THE NAVY TACAIR/ASW HOURS PER CREW PER MONTH

	FY 1986	FY 1987
Navy		
A-6	23	23
KA-6	24	24
A-7	21	21
F-4	22	0
F-14	22	22
E-2	32	32
SH-3	27	27
SH-2	22	22
S-3	28	28
P-3	42	42
EA-6	23	23
F-A-18	22	22
SH-60	25	24
Navy average	26	26

Question. How much of the flying hour growth results from an increase in the pilots to aircraft ratio?

Answer. None of the flying hour increase is associated with change to crew seat ratio. Crew seat ratios remain the same in both years.

Question. What has been the total growth from FY 1980 to the current request in Navy flying hours?

Answer. For Navy TACAIR/ASW, the growth from FY 1980 to FY 1987 is as follows:

FLYING HOURS

	FY 1980	FY 1987	Change
Navy	577,528	648,438	+70,910

Question. How much of the growth is tied to increases in aircraft inventory?

Answer. Flight hours in TACAIR/ASW provide training for aircrews. The growth between FY 1980 and FY 1987 is a direct result of aircrew increases, changes in the number of hours required to train crews, or a higher level of Primary Mission Readiness (PMR). The Department does not increase flight hours due to increases in the aircraft inventory.

Question. What has been the growth from FY 1980 to FY 1987 in average flying time per month per pilot?

Answer. The information is as follows:

DEPARTMENT OF THE NAVY TACAIR/ASW HOURS PER CREW PER MONTH

	Actual FY 1980	President's budget	
		FY 1986	FY 1987
Navy:			
A-6	26	23	23
KA-6	24	24	24
A-7	27	21	21
F-4	18	22	0
F-14	23	22	22
E-2	34	32	32
SH-3	29	27	27
SH-2	19	22	22
S-3	25	28	28
P-3	44	42	42
EA-6	20	23	23
RF-8	17	0	0
FA-18	0	22	22
SH-60	0	25	24
Navy (weighted) average	27	26	26

Question. What has been the increase in pilots per aircraft from FY 1980 to FY 1987?

AIRCREW

	FY 1980	FY 1987	Change
Navy	1,740	2,010	+270

Question. How many flying hours in FY 1980 and FY 1987 are devoted to staff/support pilots and how much to operating crew pilots?

Answer. Staff Hours versus Operational Aircrew Hours for FY 1980 and FY 1987 are outlined below.

	FY 1980	FY 1987
Staff	15,327	16,649
Operational	562,201	631,789
Total	577,528	648,438

Question. For the record provide the number of flying hours and cost (by appropriation) by aircraft type for FY 1980, 1986 and 1987.

Answer. Data for Operation and Maintenance, Navy and Operation and Maintenance, Navy Reserve for FY 1986 and FY 1987 aircraft costs as reflected in the Department's Flying Hour Projection System reports are attached. This report was not available in FY 1980, thus the data is not available.

DEPARTMENT OF THE NAVY
FLYING HOUR PROGRAM

FY 1987 PRESIDENT'S BUDGET

UNCLASSIFIED

DEPARTMENT OF NAVY
BUDGET ANALYSIS REPORT (TMS CONRUD)

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CONS 87 FINAL
(1) 1985 - CONS 87 FINAL

FEB 12, 1986

TMS	FORCES	FLT HOURS	UTIL	HOURLY COSTS FUEL	OLR	MNT	TOT	ANNUAL COSTS IN MILLIONS FUEL	OLR	MNT	TOT	HOURLY CONSUM	ANNUAL BARRELS	FUEL TYPE
[illegible]	1.0	2097	174.8	44	0	422	466	0.092	0.000	0.885	0.977	0.795	1667	AV GAS
MODEL TOTAL	1.0	2097	174.8	44	0	422	466	0.092	0.000	0.885	0.977	0.795	1667	
[illegible]	222.0	155677	58.4	708	343	300	1359	110.412	53.380	47.827	211.619	16.790	2607570	JET FUEL
[illegible]	99.0	49455	41.4	684	329	243	1256	33.825	16.277	12.020	62.122	16.280	806052	JET FUEL
[illegible]	62.5	28845	38.6	663	290	194	1147	18.906	8.693	5.608	33.207	15.559	450355	JET FUEL
[illegible]	2.0	1969	82.0	667	368	318	1702	1.312	0.724	0.626	2.662	15.870	31248	JET FUEL
[illegible]	2.0	655	27.3	664	250	304	1224	0.438	0.164	0.199	0.802	15.713	10292	JET FUEL
[illegible]	15.0	7042	39.3	723	415	306	1443	5.089	2.919	2.157	10.164	17.070	120204	JET FUEL
[illegible]	1.0	1126	93.8	782	252	283	1317	0.880	0.284	0.319	1.483	18.356	20669	JET FUEL
[illegible]	2.0	874	36.4	727	612	348	1687	0.635	0.535	0.304	1.474	17.059	14910	JET FUEL
[illegible]	4.0	2393	49.9	807	231	306	1344	1.931	0.553	0.732	3.217	19.048	45581	JET FUEL
[illegible]	2.0	1119	46.6	34	0	112	146	0.038	0.000	0.125	0.163	0.619	693	AV GAS
[illegible]	6.0	3036	42.6	693	230	298	1221	2.103	0.699	0.905	3.707	16.310	49517	JET FUEL
MODEL TOTAL	421.0	252280	49.9	696	334	281	1310	175.571	84.228	70.820	330.620	16.474	4156091	
[illegible] 3A	144.0	100576	58.2	364	785	429	1602	23.508	47.559	25.994	97.061	9.181	556121	JET FUEL
[illegible] 1A	4.0	6313	131.5	342	726	227	1294	2.157	4.583	1.430	8.170	8.135	51356	JET FUEL
MODEL TOTAL	148.0	106889	60.2	364	780	410	1573	25.664	52.143	27.424	105.232	9.082	607477	
T-34C	241.0	171234	59.2	36	0	107	143	6.144	0.075	18.341	24.560	0.854	146235	JET FUEL
T-34B	50.0	2881	4.8	140	24	33	197	0.404	0.066	0.095	0.568	2.529	7286	AV GAS
MODEL TOTAL	291.0	174115	49.9	38	1	106	144	6.548	0.141	18.436	25.128	0.882	153521	
T-39[illegible]	1.0	264	22.0	406	11	155	572	0.107	0.003	0.041	0.151	9.523	2514	JET FUEL
T-39[illegible]	1.0	66	5.5	470	0	144	614	0.031	0.000	0.010	0.041	11.197	729	JET FUEL
MODEL TOTAL	2.0	330	13.8	418	9	153	580	0.138	0.003	0.050	0.191	9.858	3243	
T-2C	169.5	68649	33.8	365	196	213	774	25.027	13.449	14.634	53.111	8.677	595663	JET FUEL
T-2B	12.0	7186	49.9	348	150	156	655	2.504	1.080	1.123	4.707	8.233	59592	JET FUEL
MODEL TOTAL	181.5	75835	34.8	363	192	208	762	27.531	14.529	15.758	57.818	8.641	655256	
T-44A	56.0	25852	38.5	75	0	246	321	1.946	0.012	6.353	8.311	1.792	46327	JET FUEL
MODEL TOTAL	56.0	25852	38.5	75	0	246	321	1.946	0.012	6.353	8.311	1.792	46327	
T-47A	7.5	7848	87.2	175	0	1815	1990	1.376	0.000	14.240	15.617	4.176	32765	JET FUEL
MODEL TOTAL	7.5	7848	87.2	175	0	1815	1990	1.376	0.000	14.240	15.617	4.176	32765	

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DEPARTMENT OF NAVY
BUDGET ANALYSIS REPORT (TMS DONBUD)

CONG RPT FINAL
FY 1986 - CONG RPT FINAL

FEB 12, 1986

TMS	FORCES	FLT HOURS	UTIL	HOURLY COSTS FUEL	DLR	MNT	TOT	ANNUAL COSTS, IN MILLIONS FUEL	DLR	MNT	TOT	HOURLY CONSUM	ANNUAL BARRELS	FUEL TYPE
CT-39E	6.0	4364	[illegible]	307	0	436	743	1.339	0.000	1.905	3.244	7.272	31734	JET FUEL
CT-39G	12.0	9207	63.9	383	0	247	630	3.525	0.000	2.273	5.798	8.337	76761	JET FUEL
T-39D	16.0	9374	48.8	351	202	282	835	3.290	1.892	2.643	7.825	8.350	78269	JET FUEL
MODEL TOTAL	34.0	22945	56.2	355	82	297	735	8.155	1.892	6.820	16.867	8.140	186764	
OV-10A	42.0	11623	23.1	92	177	318	587	1.068	2.053	3.702	6.823	2.179	25322	JET FUEL
OV-10D	17.0	4751	23.3	111	179	394	684	0.527	0.852	1.870	3.249	2.626	12476	JET FUEL
MODEL TOTAL	59.0	16374	23.1	97	177	340	615	1.595	2.905	5.572	10.072	2.308	37798	
[illegible]	[illegible]	13277	[illegible]	446	0	356	802	5.919	0.000	4.730	10.649	10.467	138970	JET FUEL
[illegible]	[illegible]	6886	[illegible]	834	506	386	1726	5.743	3.485	2.656	11.864	19.867	136804	JET FUEL
MODEL TOTAL	[illegible]	20163	[illegible]	578	173	366	1118	11.662	3.485	7.386	22.533	13.677	275774	
KA-3B	10.0	4131	34.4	1020	165	179	1363	4.214	0.681	0.738	5.633	24.296	100368	JET FUEL
EA-3B	12.0	4259	29.6	1106	162	385	1653	4.710	0.691	1.639	7.040	26.155	111295	JET FUEL
ERA-3B	8.0	3312	34.5	1039	159	387	[illegible]	3.440	0.526	1.283	5.249	24.585	81426	JET FUEL
VA-3B	1.0	148	12.3	1051	146	397	1594	0.156	0.022	0.059	0.236	25.027	3704	JET FUEL
TA-3B	5.5	2590	39.2	992	192	417	1600	2.569	0.497	1.079	4.145	23.378	60548	JET FUEL
MODEL TOTAL	36.5	14440	33.0	1045	167	332	1544	15.088	2.417	4.797	22.302	24.754	357441	
A-4M	[illegible]	30018	[illegible]	544	473	279	1296	16.328	14.186	8.380	38.893	12.911	387560	JET FUEL
A-4E	38.0	12411	[illegible]	482	380	274	1137	5.988	4.711	3.407	14.106	11.481	142492	JET FUEL
A-4F	39.5	12268	25.9	463	276	232	971	5.680	3.386	2.850	11.915	11.007	135031	JET FUEL
EA-4F	3.0	583	16.2	484	236	315	1035	0.281	0.137	0.183	0.601	11.365	6603	JET FUEL
OA-4M	[illegible]	7089	[illegible]	502	261	436	1199	3.557	1.852	3.093	8.502	11.896	84330	JET FUEL
TA-4J	241.0	101724	35.2	489	255	203	948	49.786	25.983	20.682	96.451	11.639	1183924	JET FUEL
TA-4F	[illegible]	5223	[illegible]	506	217	367	1090	2.644	1.131	1.919	5.694	11.993	62639	JET FUEL
[illegible]	1.0	277	23.1	578	480	387	1446	0.160	0.133	0.107	0.400	13.787	3819	JET FUEL
MODEL TOTAL	473.0	169531	29.9	498	304	240	1041	84.424	51.518	40.620	176.562	11.831	2006398	
A-6E	235.0	81303	28.8	990	652	589	2230	80.473	52.995	47.855	181.324	23.376	1900532	JET FUEL
KA-6D	52.0	17038	27.3	975	493	313	1781	16.620	8.392	5.330	30.342	23.062	392926	JET FUEL
EA-6B	[illegible]	27826	14.6	986	820	802	2608	27.426	22.822	22.325	72.573	23.400	651123	JET FUEL
EA-6A	18.0	5369	[illegible]	915	1449	564	2928	4.913	7.779	3.027	15.719	21.691	116461	JET FUEL
MODEL TOTAL	[illegible]	131537	[illegible]	984	699	597	2280	129.432	91.989	78.537	299.959	23.271	3061042	
A-7E	310.0	123196	33.1	641	329	350	1320	78.924	40.583	43.123	162.627	15.137	1864817	JET FUEL
[illegible]	50.0	15211	25.4	491	341	173	1005	7.469	5.193	2.626	15.288	11.696	177909	JET FUEL
[illegible]	6.0	2004	27.8	531	350	369	1250	1.064	0.702	0.740	2.505	12.640	25331	JET FUEL
TA-7C	34.0	6663	16.3	543	385	452	1380	3.616	2.567	3.010	9.193	12.846	85608	JET FUEL

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DEPARTMENT OF NAVY
BUDGET ANALYSIS REPORT (TMS DONBUD)

FEB 12, 1983

CONG 87 FINAL
FY 1985 CONG 87 FINAL

TMS	FORCES	FLT HOURS	UTIL	HOURLY COSTS FUEL	DLR	MNT	TOT	ANNUAL COSTS, IN MILLIONS FUEL	DLR	MNT	TOT	HOURLY CONSUM	ANNUAL BARRELS	FUEL TYPE
MODEL TOTAL	398.0	147077	30.8	619	333	337	1289	91.073	49.041	49.499	189.613	14.643	2153664	
AV-8C	29.0	7524	21.6	696	774	493	1964	5.238	5.827	3.709	14.774	16.456	123814	JET FUEL
AV-8B	23.0	7500	27.2	694	922	193	1809	5.205	6.917	1.446	13.568	16.313	122369	JET FUEL
AV-8A	13.0	5629	36.1	674	823	562	2059	3.796	4.631	3.166	11.593	15.833	89124	JET FUEL
TAV-8A	6.0	1179	16.4	632	1016	753	2401	0.745	1.198	[illegible]	2.831	14.845	17502	JET FUEL
MODEL TOTAL	71.0	21832	25.6	686	851	422	1959	14.984	18.573	9.208	42.765	16.160	352809	
C-9B	19.0	28754	126.1	892	0	433	1325	25.640	0.000	12.460	38.099	20.754	596759	JET FUEL
DC-9	8.0	10343	107.7	858	0	431	1289	8.877	0.000	4.453	13.330	20.444	211452	JET FUEL
MODEL TOTAL	27.0	39097	120.7	883	0	433	1315	34.517	0.000	16.912	51.429	20.672	808211	
C-1A	27.0	8798	27.2	280	145	278	703	2.465	1.276	2.447	6.188	5.054	44462	AV-GAS
MODEL TOTAL	27.0	8798	[illegible]	280	145	278	703	2.465	1.276	2.447	6.188	5.054	44462	
C-2A	12.1	5927	40.8	415	226	608	1249	2.463	1.340	3.603	7.406	9.813	58160	JET FUEL
MODEL TOTAL	12.1	5927	40.8	415	226	608	1249	2.463	1.340	3.603	7.406	9.813	58160	
TC-4C	8.0	4038	42.1	304	93	790	1187	1.227	0.374	3.190	4.791	7.165	28932	JET FUEL
MODEL TOTAL	8.0	4038	42.1	304	93	790	1187	1.227	0.374	3.190	4.791	7.165	28932	
UC-12B	62.0	51317	69.0	104	4	223	330	5.343	0.185	11.425	16.953	2.260	115959	JET FUEL
MODEL TOTAL	62.0	51317	69.0	104	4	223	330	5.343	0.185	11.425	16.953	2.260	115959	
EC-130Q	12.0	18204	126.4	665	226	310	1201	12.100	4.111	5.644	21.855	15.736	286451	JET FUEL
EC-130G	2.0	3034	126.4	687	243	335	1265	2.083	0.738	1.016	3.837	16.122	48914	JET FUEL
C-130F	6.0	5103	70.9	717	317	194	1228	3.659	1.619	0.990	6.268	16.949	[illegible]	JET FUEL
KC-130F	31.0	18096	48.6	807	288	284	1380	14.604	5.221	5.141	24.966	19.106	345736	JET FUEL
KC-130R	14.0	8191	48.8	751	279	292	1322	6.151	2.285	2.390	10.827	17.806	145850	JET FUEL
KC-130T	5.0	2680	44.7	760	292	160	1212	2.037	0.783	0.428	3.248	18.108	48529	JET FUEL
MODEL TOTAL	70.0	55308	65.8	735	267	282	1284	40.635	14.756	15.611	71.001	17.393	[illegible]	
C-131H	3.0	1806	50.2	348	123	151	623	0.629	0.223	0.273	1.125	8.29[illegible]	14977	JET FUEL
C-131G	1.0	740	61.7	354	45	167	565	0.262	0.033	0.123	0.418	5.224	3866	AV-GAS
C-131F	8.0	4123	42.9	303	124	183	610	1.251	0.509	0.754	2.514	5.126	21133	AV-GAS
MODEL TOTAL	12.0	6669	46.3	321	115	172	608	2.141	0.766	1.150	4.057	5.994	39976	

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DEPARTMENT OF NAVY
BUDGET ANALYSIS REPORT (TMS DONBUD)

FEB 12, 1986

TMS	FORCES	FLT HOURS	UTIL	HOURLY COSTS				ANNUAL COSTS, IN MILLIONS				HOURLY CONSUM	ANNUAL BARRELS	FUEL TYPE
				FUEL	DLR	MNT	TOT	FUEL	DLR	MNT	TOT			
C-118B	1.0	874	72.8	524	151	153	828	0.458	0.132	0.134	0.724	9.600	8390	AV-GAS
MODEL TOTAL	1.0	874	72.8	524	151	153	828	0.458	0.132	0.134	0.724	9.600	8390	
E-2C	66.0	38029	48.0	349	456	350	1156	13.288	17.360	13.304	43.952	8.256	313981	JET FUEL
E-2B	5.0	4238	70.6	327	406	308	1041	1.386	1.722	1.305	4.413	7.788	33006	JET FUEL
TE-2C	1.5	694	38.6	382	414	534	1330	0.265	0.287	0.370	0.923	8.977	6230	JET FUEL
TE-2A	1.5	1071	59.5	375	283	417	1075	0.402	0.303	0.447	1.151	8.937	9572	JET FUEL
MODEL TOTAL	74.0	44032	49.6	348	447	350	1146	15.341	19.672	15.426	50.439	8.239	362759	
FA-18A	130.0	52237	33.5	1058	834	455	2347	55.288	43.570	23.787	122.616	25.111	1311736	JET FUEL
TFA-18A	20.0	8034	33.5	1015	925	526	2465	8.151	7.433	4.223	19.807	24.118	193780	JET FUEL
MODEL TOTAL	150.0	60271	33.5	1053	846	464	2363	63.439	51.003	27.981	142.423	24.979	1505496	
F-14A	340.0	107515	26.4	1199	997	687	2883	128.902	107.210	73.840	310.013	28.350	3048031	JET FUEL
MODEL TOTAL	340.0	107515	26.4	1199	997	687	2883	128.902	107.210	73.840	310.013	28.350	3048031	
F-21A	3.0	1109	30.8	871	77	40	988	0.966	0.085	0.044	1.096	20.439	22667	JET FUEL
MODEL TOTAL	3.0	1109	30.8	871	77	40	988	0.966	0.085	0.044	1.096	20.439	22667	
F-4S	210.5	62803	24.9	1532	412	570	2515	96.244	25.888	35.828	157.960	36.307	2280172	JET FUEL
F-4N	18.0	1020	4.7	1543	470	395	2408	1.574	0.479	0.403	2.456	36.752	37487	JET FUEL
RF-4B	21.0	7051	28.1	1352	431	608	2391	9.537	3.037	4.315	16.958	32.189	228252	JET FUEL
MODEL TOTAL	249.5	70914	23.7	1515	415	572	2501	107.404	29.424	40.545	177.373	35.901	2545911	
F-5F	3.0	1110	30.8	564	0	1035	1600	0.626	0.000	1.149	1.776	13.439	14916	JET FUEL
F-5E	8.5	3179	31.2	578	2	1372	1952	1.838	0.005	4.362	6.206	13.683	43498	JET FUEL
MODEL TOTAL	11.5	4289	31.1	575	1	1285	1861	2.465	0.005	5.511	7.981	13.619	58414	
RF-8G	2.0	1466	61.1	651	389	211	1252	0.955	0.570	0.310	1.835	15.516	22746	JET FUEL
MODEL TOTAL	2.0	1466	61.1	651	389	211	1252	0.955	0.570	0.310	1.835	15.516	22746	
AH-1T	45.5	12496	22.9	100	198	332	629	1.244	2.470	4.148	7.862	2.355	29429	JET FUEL
AH-1J	47.5	14717	25.8	88	203	326	617	1.295	2.987	4.799	9.081	2.083	30799	JET FUEL
HH-1K	14.0	4075	24.3	84	137	87	308	0.341	0.559	0.354	1.254	1.995	8130	JET FUEL
UH-1E	6.0	1835	25.5	76	137	85	298	0.139	0.252	0.156	0.547	1.804	3310	JET FUEL
UH-1N	144.0	47741	27.6	87	155	248	491	4.166	7.411	11.851	23.428	2.051	97922	JET FUEL
VH-1N	6.0	1121	15.6	105	0	103	208	0.117	0.000	0.116	0.233	2.352	2637	JET FUEL

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BUDGET ANALYSIS REPORT (TMS DONBUD)

CONG 87 FINAL
FY 1985 CONG 87 FINAL

FEB 12, 1988

		FLT		HOURLY COSTS				ANNUAL COSTS, IN MILLIONS				HOURLY	ANNUAL	FUEL
TMS	FORCES	HOURS	UTIL	FUEL	DLR	MNT	TOT	FUEL	DLR	MNT	TOT	CONSUM	BARRELS	TYPE
MODEL TOTAL	283.0	81985	26.0	89	167	261	517	7.302	13.679	21.424	42.405	2.101	172227	
HH-2D	1.0	489	40.8	122	377	258	758	0.060	0.184	0.126	0.370	2.898	1417	JET FUEL
SH-2F	84.0	50306	49.9	123	293	294	709	6.163	14.722	14.790	35.674	2.898	145809	JET FUEL
MODEL TOTAL	85.0	50795	49.8	123	293	294	710	6.223	14.907	14.916	36.045	2.898	147226	
HH-3A	7.0	2470	29.4	131	426	93	650	0.324	1.052	0.229	1.605	3.125	7719	JET FUEL
SH-3G	34.0	12446	30.5	147	408	267	821	1.825	5.074	3.320	10.220	3.346	41646	JET FUEL
UH-3A	2.0	287	12.0	151	525	274	950	0.043	0.151	0.079	0.273	3.599	1033	JET FUEL
SH-3D	34.0	14425	35.4	137	407	241	785	1.976	5.870	3.480	11.326	3.244	46801	JET FUEL
SH-3H	85.5	50570	49.3	145	344	271	760	7.341	17.398	13.704	38.442	3.429	173411	JET FUEL
VH-3A	4.0	888	18.5	165	80	256	501	0.146	0.071	0.227	0.445	3.866	3433	JET FUEL
VH-3D	10.0	4089	34.1	159	0	47	206	0.649	0.000	0.192	0.841	3.562	14565	JET FUEL
MODEL TOTAL	176.5	85175	40.2	144	348	249	741	12.306	29.615	21.231	63.151	3.388	288608	
SH-60B	31.0	16382	44.0	126	354	398	878	2.056	5.800	6.523	14.379	2.974	48712	JET FUEL
MODEL TOTAL	31.0	16382	44.0	126	354	398	878	2.056	5.800	6.523	14.379	2.974	48712	
CH-53E	65.1	19482	24.9	418	545	494	1457	8.138	10.625	9.621	28.382	9.863	192152	JET FUEL
CH-53D	69.0	24155	29.2	274	504	474	1252	6.608	12.184	11.453	30.245	6.440	155562	JET FUEL
CH-53A	72.0	17539	20.3	237	522	448	1206	4.148	9.149	7.851	21.148	5.620	98572	JET FUEL
RH-53D	19.0	5986	26.3	339	589	476	1404	2.027	3.528	2.850	8.405	7.951	47594	JET FUEL
MODEL TOTAL	225.1	67162	24.9	311	528	473	1313	20.920	35.486	31.775	88.181	7.354	493880	
CH-46E	209.0	71743	28.6	152	498	352	1003	10.939	35.726	25.275	71.940	3.602	258452	JET FUEL
UH-46D	7.0	3140	37.4	156	644	342	1141	0.491	2.021	1.072	3.584	3.669	11521	JET FUEL
CH-46D	23.0	9878	35.8	142	612	398	1152	1.407	6.041	3.929	11.376	3.359	33182	JET FUEL
UH-46A	2.0	3251	135.5	137	569	356	1062	0.446	1.849	1.159	3.454	3.249	10563	JET FUEL
HH-46A	45.0	18278	33.8	143	505	387	1035	2.612	9.228	7.082	18.921	3.240	59221	JET FUEL
CH-46A	3.0	2122	58.9	135	598	397	1129	0.287	1.268	0.842	2.396	3.189	6768	JET FUEL
MODEL TOTAL	289.0	108412	31.3	149	518	363	1030	16.181	56.132	39.358	111.671	3.502	379707	
TH-57B	30.5	25595	69.9	23	0	108	131	0.584	0.000	2.757	3.341	0.543	13898	JET FUEL
TH-57C	73.0	51499	58.8	23	0	108	131	1.175	0.000	5.547	6.722	0.543	27964	JET FUEL
MODEL TOTAL	103.5	77094	62.1	23	0	108	131	1.759	0.000	8.304	10.062	0.543	41862	
GRAND TOTAL	4783.8	2097840	36.7	510	360	342	1213	1070.807	755.297	718.065	2544.169	12.056	25292352	

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DEPARTMENT OF NAVY
BUDGET ANALYST'S REPORT (TMS DONBUD)

CONG 87 FINAL
FY 1988 CONG 87 FINAL
FEB 12, 1988

		FLT		HOURLY COSTS				ANNUAL COSTS, IN MILLIONS				HOURLY	ANNUAL	FUEL
TMS	FORCES	HOURS	UTIL	FUEL	DLR	MNT	TOT	FUEL	DLR	MNT	TOT	CONSUM	BARRELS	TYPE
O-2A	4.0	1920	40.0	38	0	281	319	0.074	0.000	0.540	0.613	0.795	1526	AV-GAS
MODEL TOTAL	4.0	1920	40.0	38	0	281	319	0.074	0.000	0.540	0.613	0.795	1526	
P-3C	230.0	153149	55.5	611	712	272	1595	93.522	109.114	41.630	244.266	16.758	2566512	JET FUEL
P-3B	98.5	46143	39.0	594	521	195	1311	27.423	24.052	9.013	60.487	16.282	751281	JET FUEL
P-3A	49.0	18428	31.3	555	722	169	1446	10.232	13.304	3.109	26.645	15.196	280032	JET FUEL
EP-3B	1.5	1445	80.3	578	602	280	1461	0.836	0.870	0.405	2.111	15.870	22932	JET FUEL
EP-3C	0.5	321	53.5	645	673	294	1612	0.207	0.216	0.094	0.518	17.710	5685	JET FUEL
EP-3E	10.0	7059	58.8	622	711	276	1609	4.391	5.021	1.947	11.359	17.070	120495	JET FUEL
RP-3D	2.0	1800	75.0	669	471	250	1390	1.204	0.848	0.449	2.501	18.356	33041	JET FUEL
RP-3A	1.0	1060	88.3	622	1144	307	2073	0.659	1.213	0.326	2.197	17.059	18083	JET FUEL
VP-3A	5.0	3476	57.9	651	541	267	1459	2.262	1.880	0.929	5.071	17.849	62044	JET FUEL
UP-3A	7.0	3060	36.4	594	409	267	1271	1.819	1.252	0.818	3.890	16.314	49920	JET FUEL
TP-3A	4.0	1394	29.0	724	582	263	1569	1.009	0.811	0.367	2.186	19.854	27677	JET FUEL
MODEL TOTAL	408.5	237335	48.4	605	668	249	1522	143.583	158.581	59.088	361.230	16.591	3937702	
S-3A	139.0	59566	35.7	335	1573	381	2289	19.947	93.700	22.672	136.319	9.190	547397	JET FUEL
S-3B	1.5	1136	63.1	342	1576	394	2311	0.388	1.790	0.447	2.625	9.393	10659	JET FUEL
US-3A	5.5	7233	109.6	296	1189	200	1686	2.144	8.603	1.445	12.192	8.135	58840	JET FUEL
MODEL TOTAL	146.0	67935	38.8	331	1532	362	2225	22.479	104.093	24.564	151.136	9.081	616896	
T-34C	287.0	171675	49.8	31	1	130	162	5.375	0.149	22.366	27.890	0.857	147125	JET FUEL
T-34B	50.0	12048	20.1	122	21	29	172	1.472	0.256	0.351	2.077	2.529	30469	AV-GAS
MODEL TOTAL	337.0	183723	45.4	37	2	124	163	6.847	0.404	22.717	29.968	0.967	177594	
T-38B	0.5	420	70.0	408	0	577	985	0.171	0.000	0.242	0.414	11.193	4701	JET FUEL
MODEL TOTAL	0.5	420	70.0	408	0	577	985	0.171	0.000	0.242	0.414	11.193	4701	
T-2C	164.5	79581	40.3	334	262	342	938	26.572	20.843	27.250	74.665	9.139	727265	JET FUEL
T-2B	11.0	6332	48.0	304	300	141	745	1.928	1.899	0.891	4.718	8.333	52765	JET FUEL
MODEL TOTAL	175.5	85913	40.8	332	265	328	924	28.500	22.741	28.141	79.383	9.079	780030	
T-44A	51.0	28024	45.8	66	1	292	359	1.854	0.026	8.185	10.065	1.810	50723	JET FUEL
MODEL TOTAL	51.0	28024	45.8	66	1	292	359	1.854	0.026	8.185	10.065	1.810	50723	
T-47A	15.0	11346	63.0	186	0	1841	2028	2.112	0.000	20.892	23.004	5.095	57808	JET FUEL
MODEL TOTAL	15.0	11346	63.0	186	0	1841	2028	2.112	0.000	20.892	23.004	5.095	57808	

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DEPARTMENT OF NAVY
BUDGET ANALYSIS REPORT (TMS DONRUD)

CONG 87 FINAL
FY 1986 CONG 87 FINAL

FEB 12, 1988

		FLT		H O U R L Y	C O S T S			ANNUAL	COSTS, IN	MILLIONS		HOURLY	ANNUAL	FUEL
TMS	FORCES	HOURS	UTIL	FUEL	DLR	MNT	TOT	FUEL	DLR	MNT	TOT	CONSUM	BARRELS	TYPE
CT-39E	6.0	4481	62.2	266	0	401	667	1.190	0.000	1.797	2.987	7.287	32651	JET FUEL
CT-39G	12.0	10850	75.3	299	0	245	544	3.241	0.000	2.662	5.903	8.187	88834	JET FUEL
T-39D	11.0	6274	47.5	318	387	283	988	1.992	2.428	1.776	6.196	8.692	54536	JET FUEL
MODEL TOTAL	29.0	21605	62.1	297	112	289	698	6.423	2.428	6.236	15.087	8.147	176021	
OV-10A	41.0	12944	26.3	79	315	276	669	1.017	4.076	3.572	8.665	2.155	27892	JET FUEL
OV-10D	17.0	5064	24.8	96	363	348	807	0.484	1.837	1.763	4.084	2.624	13287	JET FUEL
MODEL TOTAL	58.0	18008	25.9	83	328	296	708	1.501	5.912	5.335	12.749	2.287	41179	
DR-INP	0.0	5920	0.0	607	700	256	1563	3.594	4.142	1.515	9.250	16.660	98628	JET FUEL
MODEL TOTAL	0.0	5920	0.0	607	700	256	1563	3.594	4.142	1.515	9.250	16.660	98628	
FF-FF	0.0	13500	0.0	381	0	326	708	5.149	0.000	4.406	9.555	10.467	141305	JET FUEL
S-MAU	0.0	10853	0.0	726	1225	343	2294	7.879	13.293	3.726	24.897	19.867	215617	JET FUEL
MODEL TOTAL	0.0	24353	0.0	535	546	334	1415	13.028	13.293	8.131	34.452	14.656	356922	
STRIKE	0.0	4184	0.0	725	1571	517	2813	3.035	6.572	2.163	11.770	19.907	83290	JET FUEL
MODEL TOTAL	0.0	4184	0.0	725	1571	517	2812	3.035	6.572	2.163	11.770	19.907	83290	
KA-3B	8.0	3417	35.6	871	320	148	1339	2.978	1.093	0.506	4.577	23.849	81492	JET FUEL
EA-3B	12.5	4893	32.6	960	270	347	1576	4.695	1.322	1.696	7.712	26.332	128842	JET FUEL
ERA-3B	8.0	3077	32.1	893	266	347	1506	2.748	0.818	1.068	4.635	24.518	75441	JET FUEL
TA-3B	4.0	2758	57.5	858	374	446	1678	2.366	1.031	1.230	4.627	23.539	64921	JET FUEL
MODEL TOTAL	32.5	14145	36.3	904	301	318	1524	12.787	4.264	4.500	21.551	24.793	350696	
A-4M	108.0	32012	24.7	471	903	248	1621	15.073	28.900	7.927	51.899	12.918	413543	JET FUEL
A-4F	44.0	13764	26.1	429	454	250	1133	5.908	6.248	3.443	15.598	11.755	161792	JET FUEL
A-4E	43.5	13059	25.0	399	297	202	898	5.214	3.884	2.638	11.736	10.941	142884	JET FUEL
EA-4F	2.5	400	13.3	414	416	289	1119	0.166	0.166	0.115	0.448	11.365	4546	JET FUEL
OA-4M	18.0	7090	32.8	433	439	389	1261	3.073	3.112	2.758	8.944	11.896	84341	JET FUEL
TA-4J	234.5	105733	37.6	438	318	186	942	46.349	33.591	19.619	99.559	12.003	1269069	JET FUEL
TA-4F	16.0	5480	28.5	437	365	329	1131	2.392	2.002	1.802	6.196	11.981	65656	JET FUEL
MODEL TOTAL	466.5	177538	31.7	440	439	216	1095	78.175	77.903	38.302	194.381	12.064	2141831	
A-6E	240.0	85829	29.8	856	1300	525	2682	73.510	111.586	45.100	230.185	23.504	2017329	JET FUEL
KA-6D	52.0	17401	27.9	840	1031	276	2147	14.620	17.939	4.794	37.353	23.057	401210	JET FUEL
EA-6B	70.0	31224	37.2	849	1559	712	3119	26.498	48.658	22.236	97.392	23.289	727182	JET FUEL
EA-6A	16.0	4799	25.0	793	972	509	2274	3.803	4.667	2.441	10.911	21.709	104180	JET FUEL

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DEPARTMENT OF NAVY
BUDGET ANALYSIS REPORT (TMS DOWNUD)

CONG 87 FINAL
FY 1986 CONG 87 FINAL

FEB 12, 1986

TMS	FORCES	FLT HOURS	UTIL	HOURLY COSTS FUEL	HOURLY COSTS DLR	HOURLY COSTS MNT	HOURLY COSTS TOT	ANNUAL COSTS, IN MILLIONS FUEL	ANNUAL COSTS, IN MILLIONS DLR	ANNUAL COSTS, IN MILLIONS MNT	ANNUAL COSTS, IN MILLIONS TOT	HOURLY CONSUM	ANNUAL BARRELS	FUEL TYPE
MODEL TOTAL	378.0	139253	30.7	850	1313	536	2699	118.431	182.819	74.571	375.821	23.330	3249901	
A-7E	307.0	114782	31.2	547	643	297	1487	62.769	73.800	34.100	170.669	15.008	1722145	JET FUEL
A-7B	24.0	6126	21.3	418	345	304	1068	2.561	2.111	1.860	6.532	11.439	70075	JET FUEL
ETA-7C	6.0	2100	29.2	461	574	326	1360	0.967	1.205	0.684	2.856	12.640	26544	JET FUEL
TA-7C	34.0	13058	32.0	455	653	402	1510	5.944	8.522	5.251	19.717	12.492	163119	JET FUEL
MODEL TOTAL	371.0	136046	30.6	531	629	308	1468	72.241	85.638	41.895	199.774	14.568	1981883	
AV-8C	21.5	6155	23.9	588	1538	445	2571	3.619	9.466	2.741	15.826	16.134	99305	JET FUEL
AV-8B	45.0	15221	28.2	610	1725	140	2474	9.280	26.250	2.127	37.656	16.731	254660	JET FUEL
TAV-8A	6.0	2206	30.6	541	1793	664	2998	1.193	3.955	1.464	6.613	14.845	32748	JET FUEL
MODEL TOTAL	72.5	23582	27.1	598	1682	269	2548	14.092	39.671	6.333	60.095	16.399	386713	
C-9B	19.0	34180	149.9	775	0	461	1236	26.502	0.000	15.757	42.259	21.225	725471	JET FUEL
DC-9	10.0	12320	102.7	719	0	454	1173	8.856	0.000	5.593	14.450	19.673	242371	JET FUEL
MODEL TOTAL	29.0	46500	133.6	760	0	459	1220	35.358	0.000	21.350	56.708	20.814	967842	
C-1A	15.0	5541	30.8	228	364	247	840	1.265	2.018	1.369	4.653	4.728	26198	AV-GAS
MODEL TOTAL	15.0	5541	30.8	228	364	247	840	1.265	2.018	1.369	4.653	4.728	26198	
C-2A	20.0	9863	41.1	365	442	567	1374	3.602	4.363	5.591	13.556	10.022	98849	JET FUEL
MODEL TOTAL	20.0	9863	41.1	365	442	567	1374	3.602	4.363	5.591	13.556	10.022	98849	
TC-4C	8.0	4763	49.6	259	0	511	770	1.235	0.000	2.434	3.669	7.113	33879	JET FUEL
MODEL TOTAL	8.0	4763	49.6	259	0	511	770	1.235	0.000	2.434	3.669	7.113	33879	
UC-12B	67.0	52502	65.3	85	1	314	401	4.475	0.078	16.511	21.063	2.336	122648	JET FUEL
MODEL TOTAL	67.0	52502	65.3	85	1	314	401	4.475	0.078	16.511	21.063	2.336	122648	
EC-130Q	13.0	17213	110.3	574	703	274	1551	9.876	12.109	4.717	26.701	15.745	271013	JET FUEL
EC-130G	2.0	2497	104.0	587	728	295	1611	1.467	1.818	0.738	4.022	16.122	40257	JET FUEL
C-130F	6.0	4616	64.1	612	533	175	1320	2.827	2.460	0.806	6.092	16.806	77577	JET FUEL
KC-130F	31.0	22072	59.3	705	580	253	1537	15.551	12.802	5.581	33.934	19.330	426655	JET FUEL
KC-130R	14.0	11252	67.0	643	556	259	1458	7.234	6.257	2.916	16.406	17.642	198513	JET FUEL
KC-130T	7.0	1564	18.6	692	104	142	938	1.082	0.163	0.222	1.466	18.925	29599	JET FUEL
MODEL TOTAL	73.0	59214	67.6	642	601	253	1497	38.035	35.608	14.979	88.622	17.624	1043614	

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BUDGET ANALYSIS REPORT (TMS DONBUD)

CONG 87 FINAL
FY 1986 CONG 87 FINAL

FEB 12, 1986

TMS	FORCES	FLT HOURS	UTIL	HOURLY COSTS FUEL	DLR	MNT	TOT	ANNUAL COSTS, IN MILLIONS FUEL	DLR	MNT	TOT	HOURLY CONSUM	ANNUAL BARRELS	FUEL TYPE
C-131H	3.0	2400	66.7	[illegible]	74	135	507	0.717	0.178	0.323	1.218	8.172	19613	JET FUEL
C-131G	0.5	187	31.2	252	103	147	502	0.047	0.019	0.027	0.094	5.228	977	AV-GAS
C-131F	3.5	3446	[illegible]	245	237	176	658	0.844	0.816	0.606	2.266	5.073	[illegible]	AV-GAS
MODEL TOTAL	7.0	6033	71.8	267	168	158	593	1.608	1.013	0.956	3.578	6.311	38073	
E-2C	62.0	35578	43.0	303	873	313	1490	10.790	31.075	11.153	[illegible]	8.322	298089	JET FUEL
E-2B	3.0	1132	31.4	239	297	243	779	0.271	0.336	0.275	0.882	[illegible]	7417	JET FUEL
TE-2C	2.0	[illegible]	62.3	315	799	558	1672	0.472	1.194	0.834	2.499	[illegible]	12943	JET FUEL
TE-2A	0.5	204	34.0	326	466	368	1159	0.066	0.095	0.075	0.237	[illegible]	[illegible]	JET FUEL
MODEL TOTAL	74.5	38409	43.0	302	851	321	1475	11.599	32.700	12.337	56.636	[illegible]	318252	
FA-18A	202.0	76959	31.7	945	1657	404	3006	72.699	127.540	31.087	231.326	[illegible]	[illegible]	JET FUEL
TFA-18A	28.5	16514	48.3	894	1561	473	2929	14.762	25.783	7.818	48.363	24.532	405117	JET FUEL
MODEL TOTAL	230.5	93473	33.8	936	1640	416	2992	87.461	153.323	38.906	279.689	[illegible]	2400022	
F-14A	358.0	120874	28.1	1037	1864	610	3511	125.340	225.305	73.713	424.358	28.454	3439337	JET FUEL
MODEL TOTAL	358.0	120874	28.1	1037	1864	610	3511	125.340	225.305	73.713	424.358	28.454	3439337	
F-21A	12.5	6610	44.1	787	0	5817	6603	5.200	0.000	38.448	43.649	21.578	142631	JET FUEL
MODEL TOTAL	12.5	6610	44.1	787	0	5817	6603	5.200	0.000	38.448	43.649	21.578	142631	
F-4S	176.0	50617	24.0	1340	756	531	2627	67.819	38.271	26.887	[illegible]	36.750	1860172	JET FUEL
F-4N	3.0	2870	79.7	1412	333	552	2297	4.052	0.957	1.583	6.592	38.634	110880	JET FUEL
RF-4B	21.0	7881	31.3	1173	834	537	2544	9.244	6.572	4.229	20.045	32.189	253682	JET FUEL
MODEL TOTAL	200.0	61368	25.6	1322	746	533	2601	81.115	45.801	32.700	159.616	36.252	2224734	
F-5F	3.0	1260	35.0	490	0	577	1067	0.617	0.000	0.727	1.344	13.438	16932	JET FUEL
F-5E	8.0	3360	35.0	492	0	577	1069	1.653	0.000	1.939	[illegible]	13.503	45370	JET FUEL
MODEL TOTAL	11.0	4620	35.0	491	0	577	1068	2.270	0.000	2.666	4.936	13.485	62302	
RF-8G	4.0	931	19.4	566	415	188	1170	0.527	0.387	0.175	1.089	15.501	14431	JET FUEL
MODEL TOTAL	4.0	931	19.4	566	415	188	1170	0.527	0.387	0.175	1.089	15.501	14431	
AH-1T	45.5	14035	25.7	86	399	293	777	1.206	5.599	4.106	10.909	2.356	33067	JET FUEL
AH-1J	47.5	14836	26.0	77	377	290	744	1.138	5.593	4.308	11.038	2.104	31220	JET FUEL
HH-1K	14.0	3043	18.1	66	103	77	246	0.201	0.313	0.235	0.749	1.806	5496	JET FUEL
UH-1E	6.0	1787	24.8	75	586	126	786	0.133	1.048	0.225	1.405	2.042	3649	JET FUEL
UH-1N	145.0	47176	27.1	75	299	218	591	3.538	14.093	10.271	27.902	2.057	97057	JET FUEL

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FEB 12, 1986

TMS	FORCES	FLT HOURS	UTIL	HOURLY COSTS FUEL	DLR	MNT	TOT	ANNUAL COSTS, IN MILLIONS FUEL	DLR	MNT	TOT	HOURLY CONSUM	ANNUAL BARRELS	FUEL TYPE
VH-1N	6.0	1192	16.6	86	0	52	138	0.102	0.000	0.062	0.164	2.352	2304	JET FUEL
MODEL TOTAL	264.0	82069	25.9	77	325	234	636	6.318	26.645	19.205	52.168	2.112	173293	
HH-2D	1.0	506	42.2	106	650	228	983	0.053	0.329	0.115	0.498	2.897	1466	JET FUEL
SH-2F	99.0	54745	46.1	106	544	260	910	5.801	29.796	14.241	49.837	2.907	159124	JET FUEL
MODEL TOTAL	100.0	55251	46.0	106	545	260	911	5.854	30.124	14.356	50.335	2.907	160590	
HH-3A	7.0	2419	28.8	114	303	124	542	0.277	0.734	0.300	1.311	3.133	7579	JET FUEL
SH-3G	34.0	12501	30.6	122	696	244	1062	1.525	8.705	3.047	13.277	3.348	41849	JET FUEL
UH-3A	1.0	300	25.0	131	861	241	1233	0.039	0.258	0.072	0.370	3.600	1080	JET FUEL
SH-3D	39.0	13456	28.8	118	621	193	932	1.592	8.352	2.596	12.540	3.244	43647	JET FUEL
SH-3H	93.0	53319	47.8	125	705	243	1072	6.667	37.575	12.940	57.182	3.432	182974	JET FUEL
VH-3A	4.0	900	18.8	141	141	235	517	0.127	0.127	0.211	0.465	3.866	3479	JET FUEL
VH-3D	11.0	3643	27.6	130	0	27	157	0.473	0.000	0.098	0.571	3.562	12976	JET FUEL
MODEL TOTAL	189.0	86538	38.2	124	644	223	990	10.701	55.750	19.265	85.716	3.393	293584	
SH-60B	50.0	27370	45.6	107	671	348	1126	2.939	18.355	9.516	30.809	2.946	80641	JET FUEL
HH-60A	1.0	765	63.8	133	1250	206	1589	0.102	0.956	0.158	1.215	3.644	2788	JET FUEL
MODEL TOTAL	51.0	28135	46.0	108	686	344	1138	3.040	19.311	9.674	32.025	2.965	83429	
CH-53E	73.0	23544	26.9	352	976	441	1769	8.278	22.988	10.389	41.655	9.649	227169	JET FUEL
CH-53D	69.0	21370	25.8	236	1016	416	1668	5.037	21.719	8.886	35.642	6.469	138236	JET FUEL
CH-53A	71.5	16417	19.1	202	967	388	1557	3.315	15.879	6.365	25.559	5.536	[redacted]	JET FUEL
RH-53D	20.0	5741	23.9	290	1042	425	1757	1.662	5.981	2.441	10.084	7.947	45622	JET FUEL
MODEL TOTAL	233.5	67072	23.9	273	992	419	1684	18.292	66.567	28.081	112.941	7.483	501915	
CH-46E	232.0	73497	26.4	130	961	311	1403	9.587	70.651	22.886	103.124	3.579	263040	JET FUEL
UH-46D	7.5	3408	37.9	132	1129	321	1582	0.451	3.849	1.093	5.393	3.634	12386	JET FUEL
CH-46D	23.0	9886	35.8	123	1051	356	1530	1.211	10.394	3.516	15.122	3.363	33244	JET FUEL
UH-46A	7.0	3413	40.6	119	966	318	1403	0.406	3.298	1.087	4.790	3.261	11131	JET FUEL
HH-46A	46.0	15669	28.4	115	944	383	1442	1.797	14.798	5.99[illegible]	22.593	3.147	49312	JET FUEL
CH-46A	4.5	1650	30.6	118	1027	316	1461	0.194	1.695	0.522	2.411	3.231	5331	JET FUEL
MODEL TOTAL	320.0	107523	28.0	127	974	326	1427	13.646	104.684	35.102	153.432	3.482	374444	
TH-57A	6.5	4338	55.6	18	0	260	278	0.079	0.000	1.127	1.206	0.500	2169	JET FUEL
TH-57B	34.0	22660	55.5	18	0	260	278	0.414	0.000	5.886	6.300	0.500	11330	JET FUEL
TH-57C	76.0	50706	55.6	18	0	260	278	0.926	0.000	13.172	14.098	0.500	25353	JET FUEL
MODEL TOTAL	116.5	77704	55.6	18	0	260	278	1.420	0.000	20.185	21.605	0.500	[redacted]	

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CONG 87 FINAL
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FEB 12, 1985

TMS	FORCES	FLT HOURS	UTIL	HOURLY COSTS FUEL				ANNUAL COSTS, IN MILLIONS FUEL				HOURLY CONSUM	ANNUAL BARRELS	FUEL TYPE
				FUEL	DLR	MNT	TOT	FUEL	DLR	MNT	TOT			
GRAND TOTAL	4928.5	2196243	37.1	450	689	347	1485	987.268	1512.[illegible]	761.352	3260.788	12.318	27052963	

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FEB 12, 1988

TMS	FORCES	FLT HOURS	UTIL	HOURLY COSTS				ANNUAL COSTS, IN MILLIONS				HOURLY CONSUM	ANNUAL BARRELS	FUEL TYPE
				FUEL	DLR	MNT	TOT	FUEL	DLR	MNT	TOT			
O-2A	4.0	1920	40.0	46	206	280	531	0.088	0.395	0.537	1.020	0.795	1526	AV-GAS
MODEL TOTAL	4.0	1920	40.0	46	206	280	531	0.088	0.395	0.537	1.020	0.795	1526	
P-3C	236.0	157321	55.6	555	585	271	1410	87.258	91.967	42.561	221.787	16.755	2635872	JET FUEL
P-3B	101.0	45377	37.4	536	446	180	1162	24.342	20.217	8.179	52.737	16.178	734113	JET FUEL
P-3A	39.5	13808	29.1	504	718	169	1391	6.957	9.919	2.330	19.205	15.185	209674	JET FUEL
EP-3B	0.5	482	80.3	525	603	279	1407	0.253	0.291	0.134	0.678	15.869	7649	JET FUEL
EP-3C	1.5	325	18.1	586	673	293	1552	0.191	0.219	0.095	0.504	17.711	5756	JET FUEL
EP-3E	9.5	7059	61.9	565	709	269	1543	3.989	5.007	1.897	10.892	17.070	120495	JET FUEL
RP-3D	2.0	1948	81.2	608	443	248	1299	1.184	0.862	0.484	2.530	18.356	35757	JET FUEL
RP-3A	1.0	1002	83.5	565	1074	306	1945	0.566	1.077	0.306	1.949	17.059	17093	JET FUEL
VP-3A	5.0	2917	48.6	513	610	264	1387	1.498	1.779	0.770	4.046	15.503	45222	JET FUEL
UP-3A	7.0	3124	37.2	541	398	262	1202	1.690	1.245	0.819	3.754	16.341	51048	JET FUEL
TP-3A	9.5	2690	23.6	657	544	262	1463	1.768	1.463	0.704	3.935	19.855	53410	JET FUEL
MODEL TOTAL	412.5	236053	47.7	549	568	247	1364	129.695	134.043	58.279	322.018	16.590	3916089	
S-3A	143.5	62742	36.4	305	1292	377	1974	19.119	81.075	23.673	123.867	9.205	577548	JET FUEL
S-3B	1.5	1316	73.2	311	1568	377	2255	0.409	2.066	0.497	2.973	9.383	12367	JET FUEL
US-3A	6.0	5918	82.2	269	1190	199	1658	1.593	7.042	1.176	9.811	8.135	48127	JET FUEL
MODEL TOTAL	151.0	69976	38.6	302	1289	362	1953	21.122	90.183	25.346	136.651	9.118	638042	
T-34C	296.0	195240	55.0	28	1	96	125	5.553	0.162	18.774	24.489	0.857	167321	JET FUEL
T-34B	49.0	12048	20.5	146	21	29	196	1.753	0.254	0.349	2.356	2.529	30469	AV-GAS
MODEL TOTAL	345.0	207288	50.1	35	2	92	130	7.306	0.416	19.123	26.845	0.954	197790	
T-38B	1.0	420	35.0	371	0	751	1122	0.156	0.000	0.316	0.471	11.193	4701	JET FUEL
MODEL TOTAL	1.0	420	35.0	371	0	751	1122	0.156	0.000	0.316	0.471	11.193	4701	
T-2C	164.0	91755	46.6	303	288	322	913	27.813	26.468	29.503	83.784	9.136	838280	JET FUEL
T-2B	12.0	6950	48.3	276	272	144	693	1.922	1.893	0.999	4.814	8.333	57914	JET FUEL
MODEL TOTAL	176.0	98705	46.7	301	287	309	898	29.734	28.361	30.502	88.597	9.080	896194	
T-44A	48.0	30855	53.6	60	1	227	288	1.853	0.027	6.993	8.874	1.810	55848	JET FUEL
MODEL TOTAL	48.0	30855	53.6	60	1	227	288	1.853	0.027	6.993	8.874	1.810	55848	
T-47A	15.0	17000	94.4	169	0	1289	1458	2.874	0.000	21.908	24.782	5.095	86615	JET FUEL
MODEL TOTAL	15.0	17000	94.4	169	0	1289	1458	2.874	0.000	21.908	24.782	5.095	86615	

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FEB 12, 1988

		FLT		HOURLY COSTS				ANNUAL COSTS, IN MILLIONS				HOURLY	ANNUAL	FUEL
TMS	FORCES	HOURS	UTIL	FUEL	DLR	MNT	TOT	FUEL	DLR	MNT	TOT	CONSUM	BARRELS	TYPE
CT-39E	6.0	4481	62.2	241	0	375	616	1.081	0.000	1.681	2.762	7.287	32651	JET FUEL
CT-39G	12.0	10861	75.4	272	0	230	502	2.958	0.000	2.500	5.457	8.218	89261	JET FUEL
T-39D	4.0	2120	44.2	278	324	170	771	0.588	0.687	0.359	1.635	8.370	17744	JET FUEL
MODEL TOTAL	22.0	17482	66.1	265	39	260	564	4.627	0.687	4.540	9.854	7.998	139656	
OV-10A	40.0	12227	25.5	71	267	270	608	0.873	3.260	3.296	7.429	2.155	26347	JET FUEL
OV-10D	16.5	5027	25.4	87	286	345	719	0.437	1.440	1.735	3.613	2.627	13204	JET FUEL
MODEL TOTAL	56.5	17254	25.4	76	272	292	640	1.310	4.700	5.031	11.042	2.292	39551	
DR-1ND	0.0	7500	0.0	544	702	233	1479	4.083	5.264	1.749	11.096	16.438	123273	JET FUEL
MODEL TOTAL	0.0	7500	0.0	544	702	233	1479	4.083	5.264	1.749	11.096	16.438	123273	
FF-FF	0.0	13500	0.0	347	0	313	659	4.678	0.000	4.221	8.899	10.467	141305	JET FUEL
S-MAU	0.0	12720	0.0	659	1219	343	2221	8.385	15.501	4.367	28.253	19.867	252708	JET FUEL
MODEL TOTAL	0.0	26220	0.0	498	391	328	1417	13.063	15.501	8.587	37.152	15.027	394013	
STRIKE	0.0	5000	0.0	658	1403	505	2565	3.288	7.013	2.523	12.824	19.866	99328	JET FUEL
MODEL TOTAL	0.0	5000	0.0	658	1403	505	2565	3.288	7.013	2.523	12.824	19.866	99328	
KA-3B	8.0	3487	36.3	798	318	148	1265	2.784	1.110	0.516	4.410	24.063	83908	JET FUEL
EA-3B	13.0	4502	28.9	869	272	339	1480	3.914	1.226	1.526	6.665	26.261	118225	JET FUEL
ERA-3B	8.0	3077	32.1	812	265	341	1418	2.497	0.816	1.049	4.363	24.518	75441	JET FUEL
TA-3B	4.0	2759	57.5	779	372	444	1595	2.149	1.026	1.224	4.400	23.539	64921	JET FUEL
MODEL TOTAL	33.0	13824	34.9	821	302	312	1435	11.344	4.178	4.315	19.838	24.775	342495	
A-4M	102.0	32568	26.6	426	731	239	1396	13.881	23.816	7.774	45.470	12.871	419185	JET FUEL
A-4F	44.0	15742	29.8	390	432	248	1071	6.145	6.808	3.905	16.858	11.771	185305	JET FUEL
A-4E	46.5	15410	27.6	360	292	205	857	5.555	4.505	3.154	13.214	10.875	167585	JET FUEL
EA-4F	2.0	486	20.3	376	414	276	1067	0.183	0.201	0.134	0.518	11.364	5523	JET FUEL
OA-4M	18.0	7090	32.8	394	438	383	1215	2.792	3.108	2.715	8.616	11.896	84341	JET FUEL
TA-4J	231.5	114085	41.1	400	306	353	1059	45.624	34.936	40.281	120.842	12.058	1375608	JET FUEL
TA-4F	12.5	5646	37.6	397	345	325	1067	2.242	1.949	1.834	6.025	11.994	67719	JET FUEL
MODEL TOTAL	456.5	191027	34.9	400	394	313	1107	76.421	75.324	59.799	211.544	12.068	2305266	
A-6E	242.0	91941	31.7	786	1088	525	2399	72.265	100.065	48.233	220.563	23.743	2182943	JET FUEL
KA-6D	54.0	18066	27.9	763	834	275	1872	13.793	15.064	4.965	33.823	23.063	416663	JET FUEL
EA-6B	76.5	33307	36.3	772	1251	709	2731	25.710	41.653	23.601	90.964	23.317	776618	JET FUEL
EA-6A	16.0	4866	25.3	719	963	499	2181	3.500	4.684	2.428	10.611	21.692	105555	JET FUEL

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TMS	FORCES	FLT HOURS	UTIL	HOURLY COSTS FUEL	DLR	MNT	TOT	ANNUAL COSTS, IN MILLIONS FUEL	DLR	MNT	TOT	HOURLY CONSUM	ANNUAL BARRELS	FUEL TYPE
MODEL TOTAL	388.5	148180	31.8	778	1090	535	2402	115.287	161.466	79.227	355.980	23.497	3481779	
A-7E	290.0	107297	30.8	497	531	286	1314	53.373	56.972	30.679	141.025	15.022	1611774	JET FUEL
ETA-7C	6.0	2100	29.2	418	574	324	1317	0.879	1.206	0.680	2.765	12.640	26544	JET FUEL
TA-7C	32.0	12043	31.4	412	618	400	1430	4.966	7.439	4.822	17.227	12.457	150018	JET FUEL
MODEL TOTAL	328.0	121440	30.9	488	540	298	1326	59.218	65.616	36.182	161.017	14.726	1788336	
AV-8C	7.5	2297	25.5	517	1137	460	2114	1.187	2.611	1.057	4.855	15.610	35856	JET FUEL
AV-8B	67.0	22404	27.9	567	1503	138	2207	12.705	33.663	3.083	49.450	17.130	383780	JET FUEL
TAV-8A	6.0	1560	21.7	491	1784	660	2936	0.767	2.783	1.030	4.580	14.845	23158	JET FUEL
TAV-8B	1.0	388	32.3	714	1931	880	3526	0.277	0.749	0.341	1.368	21.580	8373	JET FUEL
MODEL TOTAL	81.5	26649	27.2	560	1494	207	2261	14.936	39.806	5.512	60.253	16.930	451167	
C-9B	19.0	28860	126.6	706	0	465	1170	20.388	0.000	13.412	33.780	21.276	614013	JET FUEL
DC-9	10.0	14400	120.0	659	0	454	1113	9.484	0.000	6.538	16.021	19.849	285826	JET FUEL
MODEL TOTAL	29.0	43260	124.3	690	0	461	1151	29.851	0.000	19.950	49.801	20.801	899839	
C-1A	2.0	2281	95.0	146	535	249	930	0.334	1.219	0.568	2.121	2.542	5798	AV-GAS
MODEL TOTAL	2.0	2281	95.0	146	535	249	930	0.334	1.219	0.568	2.121	2.542	5798	
C-2A	27.0	10789	33.3	330	441	552	1323	3.562	4.758	5.955	14.275	9.974	107607	JET FUEL
MODEL TOTAL	27.0	10789	33.3	330	441	552	1323	3.562	4.758	5.955	14.275	9.974	107607	
TC-4C	6.0	4455	61.9	220	0	659	879	0.980	0.000	2.937	3.917	6.644	29597	JET FUEL
MODEL TOTAL	6.0	4455	61.9	220	0	659	879	0.980	0.000	2.937	3.917	6.644	29597	
UC-12B	75.0	58710	65.2	78	2	331	410	4.571	0.091	19.422	24.084	2.350	137940	JET FUEL
MODEL TOTAL	75.0	58710	65.2	78	2	331	410	4.571	0.091	19.422	24.084	2.350	137940	
EC-130Q	13.0	17693	113.4	521	565	272	1358	9.218	10.000	4.817	24.035	15.738	278448	JET FUEL
EC-130G	2.0	2497	104.0	534	579	294	1407	1.333	1.447	0.734	3.514	16.122	40257	JET FUEL
C-130F	6.0	4689	65.1	556	531	171	1258	2.606	2.489	0.802	5.897	16.739	78722	JET FUEL
KC-130F	31.0	22329	60.0	642	476	253	1371	14.327	10.626	5.650	30.603	19.378	432702	JET FUEL
KC-130R	14.0	11219	66.8	584	436	258	1277	6.550	4.886	2.893	14.329	17.635	[redacted]	JET FUEL
KC-130T	9.0	1614	14.9	627	103	142	873	1.013	0.167	0.229	1.409	18.911	[redacted]	JET FUEL
MODEL TOTAL	75.0	60041	66.7	584	493	252	1329	35.048	29.615	15.126	79.788	17.630	1098500	

DEPARTMENT OF NAVY
BUDGET ANALYSIS REPORT (TMS DONBUD)

CONG 87 FINAL
FY 1987 CONG 87 FINAL

FEB 12, 1986

TMS	FORCES	FLT HOURS	UTIL	HOURLY COSTS FUEL	DLR	MNT	TOT	ANNUAL COSTS, IN MILLIONS FUEL	DLR	MNT	TOT	HOURLY CONSUM	ANNUAL BARRELS	FUEL TYPE
C-131H	3.0	2400	66.7	274	74	135	482	0.657	0.177	0.323	1.157	8.245	19788	JET FUEL
MODEL TOTAL	3.0	2400	66.7	274	74	135	482	0.657	0.177	0.323	1.157	8.245	19788	
E-2C	74.0	38083	42.9	273	724	308	1305	10.411	27.575	11.728	49.714	8.257	314451	JET FUEL
TE-2C	2.0	937	39.0	279	726	616	1621	0.262	0.681	0.577	1.519	8.431	7900	JET FUEL
MODEL TOTAL	76.0	39020	42.8	274	724	315	1313	10.673	28.256	12.305	51.234	8.261	322351	
FA-18A	298.0	113568	31.8	868	1427	395	2690	98.556	162.057	44.834	305.448	26.211	2976752	JET FUEL
TFA-18A	34.0	18975	46.5	812	1450	472	2734	15.411	27.519	8.952	51.881	24.533	465511	JET FUEL
MODEL TOTAL	332.0	132543	33.3	860	1430	406	2696	113.967	189.576	53.786	357.329	25.971	3442263	
F-14A	377.0	129241	28.6	939	1678	607	3224	121.394	216.834	78.413	416.642	28.369	3666416	JET FUEL
MODEL TOTAL	377.0	129241	28.6	939	1678	607	3224	121.394	216.834	78.413	416.642	28.369	[illegible]	
F-16N	7.0	1672	19.9	876	0	1817	2693	1.464	0.000	3.038	4.502	26.447	442[illegible]9	JET FUEL
MODEL TOTAL	7.0	1672	19.9	876	0	1817	2693	1.464	0.000	3.038	4.502	26.447	44219	
F-21A	18.5	10854	48.9	786	0	4316	5102	8.530	0.000	46.850	55.380	23.709	257339	JET FUEL
MODEL TOTAL	18.5	10854	48.9	786	0	4316	5102	8.530	0.000	46.850	55.380	23.709	257339	
F-4S	114.5	34430	25.1	1245	674	528	2446	42.860	23.198	18.169	84.227	37.586	1294096	JET FUEL
RF-4B	21.0	7849	31.1	1066	646	534	2246	8.364	5.074	4.191	17.629	32.189	252651	JET FUEL
MODEL TOTAL	135.5	42279	26.0	1212	669	529	2409	51.224	28.272	22.360	101.856	36.584	1546747	
F-5F	2.5	840	28.0	445	0	751	1196	0.374	0.000	0.631	1.005	13.438	11288	JET FUEL
F-5E	10.0	2100	17.5	447	0	751	1198	0.939	0.000	1.577	2.516	13.503	28356	JET FUEL
MODEL TOTAL	12.5	2940	19.6	446	0	751	1198	1.312	0.000	2.208	3.521	13.484	396[illegible]	
RF-8G	4.0	950	19.8	514	413	188	1115	0.488	0.392	0.179	1.059	15.487	14713	JET FUEL
MODEL TOTAL	4.0	950	19.8	514	413	188	1115	0.488	0.392	0.179	1.059	15.487	14713	
AH-1T	61.0	18804	25.7	78	317	293	688	1.453	5.958	5.519	12.930	2.344	44082	JET FUEL
AH-1J	41.0	11354	23.1	69	308	274	651	0.782	3.503	3.111	7.395	2.078	23592	JET FUEL
HH-1K	14.0	2845	16.0	60	102	77	240	0.172	0.291	0.220	0.683	1.822	5184	JET FUEL
UH-1N	142.0	47107	21.6	68	262	219	549	3.211	12.354	10.308	25.873	2.059	[illegible]	JET FUEL
VH-1N	6.0	1263	17.6	78	0	52	130	0.098	0.000	0.065	0.164	2.352	2971	JET FUEL

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DEPARTMENT OF NAVY
BUDGET ANALYSIS REPORT (TMS DONBUD)

CONG 87 FINAL
FY 1987 CONG 87 FINAL

FEB 12, 1988

TMS	FORCES	FLT HOURS	UTIL	HOURLY COSTS FUEL	HOURLY COSTS DLR	HOURLY COSTS MNT	HOURLY COSTS TOT	ANNUAL COSTS, IN MILLIONS FUEL	ANNUAL COSTS, IN MILLIONS DLR	ANNUAL COSTS, IN MILLIONS MNT	ANNUAL COSTS, IN MILLIONS TOT	HOURLY CONSUM	ANNUAL BARRELS	FUEL TYPE
MODEL TOTAL	264.0	81373	25.7	70	272	236	578	5.723	22.106	19.223	47.052	2.124	172803	
HH-2D	1.0	230	19.2	96	649	227	972	0.022	0.149	0.052	0.224	2.900	667	JET FUEL
SH-2F	103.0	54008	43.7	95	459	258	813	5.125	24.809	13.949	43.882	2.865	154755	JET FUEL
MODEL TOTAL	104.0	54238	43.5	95	460	258	813	5.147	24.958	14.001	44.106	2.866	155422	
HH-3A	9.0	4145	38.4	111	598	189	899	0.461	2.480	0.784	3.725	3.357	13916	JET FUEL
SH-3G	32.0	13479	35.1	112	741	237	1090	1.513	9.990	3.189	14.693	3.389	45679	JET FUEL
SH-3D	36.0	12305	28.5	107	608	180	895	1.322	7.480	2.209	11.010	3.242	39894	JET FUEL
SH-3H	99.5	54557	46.2	114	584	241	939	6.195	31.885	13.149	51.229	3.430	187151	JET FUEL
VH-2A	4.0	900	18.8	128	141	225	493	0.115	0.126	0.202	0.444	3.866	3479	JET FUEL
VH-3D	11.0	3861	29.3	118	0	27	145	0.455	0.000	0.104	0.559	3.562	13753	JET FUEL
MODEL TOTAL	190.5	89247	39.0	113	582	220	915	10.062	51.962	19.637	81.660	3.405	303874	
SH-60B	72.0	41675	48.2	96	572	345	1013	3.992	23.836	14.386	42.214	2.893	120576	JET FUEL
HH-60A	2.0	781	32.5	122	1243	206	1571	0.095	0.971	0.161	1.227	3.679	2873	JET FUEL
MODEL TOTAL	74.0	42456	47.8	96	584	343	1023	4.087	24.807	14.547	43.441	2.908	123449	
CH-53E	73.0	22963	26.2	320	831	427	1579	7.353	19.083	9.816	36.252	9.673	222125	JET FUEL
MH-53E	4.5	2148	39.8	387	900	442	1730	0.832	1.934	0.950	3.716	11.700	25132	JET FUEL
CH-53D	69.0	21553	26.0	214	819	414	1447	4.621	17.660	8.917	31.198	6.477	139597	JET FUEL
CH-53A	70.0	14668	17.5	184	840	391	1415	2.692	12.328	5.739	20.759	5.541	81272	JET FUEL
RH-53D	19.0	5325	23.4	261	1118	399	1778	1.392	5.952	2.124	9.468	7.895	42043	JET FUEL
MODEL TOTAL	235.5	66657	23.6	253	854	413	1521	16.891	56.956	27.545	101.393	7.654	510169	
CH-46E	231.0	76033	27.4	119	779	310	1207	9.028	59.215	23.564	91.808	3.586	272684	JET FUEL
UH-46D	8.0	4077	42.5	120	1121	313	1554	0.488	4.572	1.276	6.336	3.617	14745	JET FUEL
CH-46D	23.0	9289	33.7	113	1033	335	1481	1.049	9.599	3.109	13.756	3.410	31679	JET FUEL
UH-46A	7.0	3482	41.5	108	968	312	1388	0.377	3.369	1.087	4.833	3.270	11386	JET FUEL
HH-46A	38.5	11315	24.5	107	807	352	1266	1.205	9.137	3.986	14.329	3.218	36411	JET FUEL
HH-46D	6.0	2362	32.8	125	1090	369	1584	0.295	2.574	0.871	3.741	3.777	8922	JET FUEL
CH-46A	5.5	1780	27.0	108	1032	307	1447	0.193	1.836	0.547	2.576	3.272	5824	JET FUEL
MODEL TOTAL	319.0	108338	28.3	117	831	318	1268	12.636	90.302	34.440	137.378	3.523	381651	
TH-57B	42.0	28265	56.1	17	0	201	218	0.469	0.000	5.684	6.153	0.500	14133	JET FUEL
TH-57C	78.5	53710	57.0	17	0	201	218	0.891	0.000	10.801	11.692	0.500	26855	JET FUEL
MODEL TOTAL	120.5	81975	56.7	17	0	201	218	1.360	0.000	16.484	17.844	0.500	40988	
GRAND TOTAL	5005.5	2302492	38.3	407	609	347	1363	936.342	1403.267	799.765	3139.374	12.266	28242786	

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[CLERK'S NOTE.—End of question submitted by Mr. Murtha.]

The gentleman from Pennsylvania.

Mr. MCDADE. No questions, Mr. Chairman.

Mr. MURTHA. I think we have pretty well covered the main issue before us, and that is the fact that we can't continue to cut back on O&M and not affect readiness. We have a number of questions for the record, and would appreciate if you would answer them in detail.

Admiral TAYLOR. We welcome the opportunity to state a case, Mr. Chairman.

[CLERK'S NOTE.—Questions submitted by Mr. Murtha and the answers thereto follow:]

REAL GROWTH

Question. The Navy's FY 1987 O&M appropriation grows by $600 million or 2.4% from FY 1986 to FY 1987 levels of $25.7 billion. Real program growth of $300 million or 1.2 percent, is projected by the Navy. From within this growth, the Navy must fund an increase of 13 major ships, 17,000 flying hours, support for an end strength growth of approximately 14,000 military and civilian personnel, plus operating costs for all the complicated new equipment coming into the Navy inventory. Admiral, can you honestly state that 2.4 percent real growth in FY 1987 fully funds all of the high priority readiness requirements of the Navy?

Answer. No, not all. But the budget we submitted did pretty well at taking care of what we own. For example:

a. We funded over 97 percent of our executable depot maintenance requirements through the end of FY 1987.

b. We funded our goal for ship steaming, and we funded to within one percent of the goal for flying.

c. We funded maintenance of real property at a level which contained the backlog at the end of FY 1985 level.

Question. Why has the Navy allowed what appears to be an unfunded O&M request to be presented to the Congress.

Answer. Although we did not fund all our requirements, I do not consider the request to be "underfunded." Since that request was prepared, however, we have had to take reductions in FY 1986 due to Gramm-Rudman-Hollings, and that means we have little room to absorb further reductions during your markup of the FY 1987 request.

Question. How can you justify increasing the backlog of depot maintenance and real property maintenance and yet continue to program for higher levels of procurement and R&D funds which will only increase your O&M requirements in future years?

Answer. We did have a slight increase in the depot maintenance backlog in our FY-87 request, but over 97 percent of the requirements were financed. And our backlog of maintenance and repair of real property was financed to level and backlog at just about the FY-85 backlog amount. Thus, I believe the budget we prepared that balanced with the procurement and R&D requests.

Question. How does the Navy plan to address this conflict in the outyears between constrained O&M funds and ever-increasing amounts of modern, sophisticated equipment?

Answer. I do not see the conflict. In the first place, we have the opportunity in each year's budget request to balance funding as required to take care of what we own. Second, much of the modern equipment is easier to maintain than the equipment it replaces. Third, and maybe most important, we are actively pursuing economies and efficiences in the way we do our "operation and maintenance." For example, our budget reflects a program designed to accomplish ship maintenance in our public yards at a cost of $500 million lower than in previous years.

REAL PROPERTY MAINTENANCE

Question. The Committee is concerned that ever increasing amounts are being provided to fund Real Property Maintenance and yet the backlog of maintenance and repair (BMAR) seems to grow, not diminish. For example, last year, your FY 1986 request identified estimated funding in FY 1985 for recurring maintenance and major repair projects of $755 million and backlog of $935 million. Now in your FY 1987 request you identify FY 1985 actual funding of $865 million, $110 million higher than your previous estimate, but your backlog goes up to over $1 billion.

How can you increase funding by $100 million and not reduce the backlog?

Have you changed your rules as to what is to be included in the BMAR?

In FY 1987, you reduce recurring maintenance and major repair funding by $76 million, and yet BMAR increases by only $4 million. How is this possible?

Answer. The Navy's BMAR estimate is predicted by a model which is based on past experience, funding, and changes in the age and size of our physical plant. In the case of FY 1985, the BMAR "estimate" in the FY 1986 budget is just that, an estimate predicted by our model. The FY 1985 column of the FY 1987 budget reflects the "acutal" amount. The actual BMAR at the end of FY 1985 is based upon extensive inspection of our facilities as well as a hard look at validated needs. We have made a concerted effort to validate BMAR and will continue to do so.

Question. Why are you not applying more funds in FY 1987 to real property maintenance in order to reduce you backlog?

Answer. The budget submission we prepared contained sufficient funds to prevent BMAR from growing above end of FY 1985 levels. That is all we could afford.

Question. In FY 1987, the Navy transferred real property maintenance funding for R&D facilities to the O&M appropriation. How much of recurring maintenance, major repair and minor construction funding is for these R&D facilities?

Answer. $9.8 million of recurring maintenance, major repair and minor repair construction funding is for these R&D facilities.

Question. How much of the backlog results from this R&D transfer?

Answer. None. Our BMAR model predicts from the last actual BMAR (in this case FY 85) which did not include the R&D facilities in the base. We will be including the BMAR from R&D facilities after validation.

Question. Were sufficient funds transferred from R&D to allow Navy to maintain R&D facilities at backlog levels comparable to O&M facilities?

Answer. We feel that adequate funds have been transferred. We will be comparing their facility condition with other O&M maintained facilities during the validation process mentioned previously.

FLYING HOUR PROGRAM: TACAIR/ASW STAFF HOURS

Question. Staff hours are used to provide flying time to personnel assigned to air group and functional wing command positions, to enable them to maintain minimum flight qualifications. Current staff hour projections for fiscal year 1986 have declined nearly 25 percent from the levels contained in that year's budget. For fiscal year 1987, however, staff hours requirements show a sharp increase, especially in the Marine Corps, which increases its staff hours 51 percent (nearly 8,000 hours) over the 1986 level with a corresponding increase of only 4 tactical aircraft. The major change for Navy aircraft involves the E-2C. In fiscal year 1986, over 4,400 staff hours were identified in budget exhibits, but for fiscal year 1987 no hours are identified. What is the formula used to develop staff hours requirement for each type aircraft.

Answer. The formula is the number of staff pilots multiplied by 100 hours per year as a minimum. Other staff pilots such as the staffs of the CAG (Carrier Air Group), or MAG (Marine Air Group) must maintain the same readiness levels as squadron aircrews, and therefore will fly over the 100 hour minimums.

Question. How many persons assigned to staff positions required flying time in fiscal year 1986? How many are planned for fiscal year 1987?

Answer. The President's budget provides flying hours to support 351 staff pilots in FY 1986 and 430 in FY 1987.

Question. Why have Marine Corps staff hour requirements increased by 51% from fiscal year 1986 to 1987 while the average number of Marine Corps tactical aircraft are to increase only 4 aircraft? Why have CH-46E hours increased 128 percent from 1986 to 1987 while the number of aircraft has remained constant? Why have Navy staff hours been eliminated for E-2C aircraft in fiscal year 1987 after over 4400 hours were requested for fiscal year 1986?

Answer. The Marine Corps' goal for staff pilot hours is 25,600 hours based on the requirement for staff pilots on flying orders to achieve naval air training and operating procedures standardization (NATOPS) minimums of 100 hours per year. This increase reflects continuing attempts to achieve this minimum goal. One hundred hours per pilot per year is the level necessary to maintain basic skill level for safe control of an aircraft which experience has shown to be a mandatory flying requirement. Marine pilots not meeting the minimums are subject to disciplinary action if not granted a waiver by Commandant of the Marine Corps.

In order to achieve NATOPS minimums per year for CH-46 staff pilots, the funds requested are necessary. The CH-46 community has far more aircrew than any other in the Marine Corps and the biggest increases in staff hours will be evident in this aircraft.

The staff hours requested in the FY 1986 budget request for E-2C were to support the Navy's Drug Interdiction Program and were placed in TACAIR/ASW E-2 Staff requirements because TACAIR/ASW aircraft are utilized to perform this service. The current budget request properly identifies these hours in Fleet Air Support since they are a support function.

CORRECTIONAL FACILITIES

Question. The Navy and Marine Corps maintain a total of 27 brigs for correctional facilities and 19 correctional custody facilities which require an estimated 2,600 officer and enlisted personnel to man. The Naval Audit Service performed a review of the Department of the Naval's correctional facilities and determined that for the most part they were underutilized. This audit report was based on 1983 data, but considering that 1985 was the eighth year in a row that enlisted desertions and AWOLs have declined, would it not make sense that the underutilization would have increased?

Answer. Underutilization of brigs/Correction Custody Units (CCUs) has not increased since 1983. In fact, utilization of CCUs has increased from 37 percent in 1984 to 41 percent in 1986 with a projected utilization of 46 percent in 1987. The utilization of brigs has increased from 65 percent in 1984 to 79 percent in 1986. Utilization of brigs/CCUs will continue to rise as the Navy implements its plan to combine waterfront brigs with CCUs.

Question. Please provide for the record a list of correctional facilities and correction custody facilities by geographic area, i.e., Southern California, Mid Atlantic, Southeastern U.S., etc. Utilizing the latest actual information, provide the operating capacity of each facility, the average daily population, the cost to operate and maintain the facility and, the number of officer, enlisted and civilian personnel manning each facility.

Answer. The requested information follows:

NAVY BRIGS/CORRECTIONAL CUSTODY UNITS (CCU)

BRIG/CCU		BRIG/CCU CAP		BRIG/CCU AVG DAILY POP		AUTH STAFF (BRIG) OFF/ENL/CIV	AUTH STAFF (CCU) OFF/ENL/CIV	COST($) BRIG/CCU
MID-ATLANTIC								
Charleston, SC	Brig/CCU	95	30	77	8	1/42/2	0/4/0	1,397,000/460,000
Norfolk, VA	Brig/CCU	276	66	249	32	4/186/6	0/41/0	6,276,000/1,830,840
Philadelphia, PA	Brig/CCU	210(16*)	20	144(11*)	0	4/89/0	0/8/0	3,434,000/476,000
SOUTHERN CALIFORNIA								
Long Beach, CA	Brig	34		18		1/28/1		864,449
San Diego, CA	Brig	187		198		4/134/0		7,439,430
Coronado, CA	CCU		50		21		1/18/0	1,645,420
NORTH EAST								
New London, CT	Brig/CCU	20	30	16	9	-/23/-	0/10/0	750,000/5[illegible]6,000
Newport, RI	Brig	75		61		1/54/-		1,395,000
NORTH WEST								
Seattle, WA	Brig	59		-		1/49/-		1,596,675
Treasure Is, CA	Brig/CCU	148(12*)	40	48	18	3/83/1	0/18/0	2,543,650/570,760
SOUTH ATLANTIC								
Cecil Field, FL	CCU		16		8		0/4/0	436,000
Mayport, FL	CCU		17		6		0/6/0	1,165,000/489,000
Pensacola, FL	Brig/CCU	55	38(12*)	21	16	1/38/10	0/16/0	2,812,000/377,000
Jax, FL	Brig	64		68		1/47/1		1,755,000
MID-WEST								
Memphis, TN	Brig/CCU	68	26	1	10	1/28/-	0/10/0	1,394,000/371,000
Great Lakes, IL	Brig	170		98		4/113/1		3,046,000
Corpus CR, TX	Brig	65		48		1/52/-		1,292,000
OVERSEAS								
Pearl Harbor, HI	Brig/CCU	95(15*)	40	66(2*)	9	3/148/-	1/20/0	1,980,725/580,332
Rota, SP	Brig/CCU	15	20	6	4	0/25/-	0/15/0	50,000/13,000
Guam	Brig	23		6		-/15/-		528,535
GTMO	Brig	24		12		-/18/-		546,000
Rosy Rds	Brig	10		5		-/13/-		426,000

*FEMALES CONFINED

Question. Would it be possible to utilize local federal, state or community facilities, on a temporary basis to compensate for short-term coverages in correctional facilities.

Answer. The Navy is developing a plan to place all long-term prisoners in a Federal system. All short and medium-term prisoners will remain in Navy facilities. Prison/jail overcrowding is a major national issue and it is not considered a viable option to place many prisoners in such facilities.

Question. If a consolidation of facilities could be arranged, would it not allow the Navy to offset some of their end strength requirements to man its growth in ships?

Answer. The Navy's plan calls for future manpower savings. Planned major modifications to existing prisons will achieve a prison layout that will require less staff to operate the facility. Additionally, the consolidation of Brigs and correction custody units will provide manpower savings. However, this plan will take several years to implement and savings will not be achieved until the plan is fully implemented.

Question. Are there any one-time costs involved in closing a correctional facility and transferring its personnel, records, etc. to a new facility?

Answer. There are one-time costs associated with closing a facility; however, the Navy has not closed a brig since the Portsmouth Brig in 1973. Based on a medium-size brig which houses 95 prisoners and has a staff of 40, the cost to move both prisoners and staff would approximate $200 thousand. The approximate cost to demolish the brig would be $20 thousand. Costs associated with the refurbishment of the brig so that it could be used for other purposes would depend on the intended use of the brig. Other non-quantifiable items associated with closing a facility would include the cost to maintain a client/lawyer relationship and the loss of prisoner work programs that support a base.

Question. Is there a problem with combining Navy and Marine Corps facilities in a given area?

Answer. The Navy and Marine Corps already provide extensive sharing of confinement spaces, e.g., Navy Brig, San Diego and Camp Pendleton; and Navy Brig, Norfolk and Marine Brig, Quantico. However, most brigs are planned near fleet concentrations, especially for short-term prisoners, which are not areas of Marine Corps concentration. This is essential to having a viable return-to-duty program as mandated by Title 10. Consequently, consolidation is not practical in most areas.

SHIP INACTIVATIONS

Question. The Navy is requesting $72.7 million in fiscal year 1987 to inactivate ships. Included in this amount is $36.7 million for inactivation of two submarines (SSN 579 and 588), which according to a February 1986 Navy document (the Ships and Aircraft Supplemental Data Tables, dated 4 February 1986) will remain in the fleet until fiscal year 1988, and will not be inactivated in FY 1987. Does the Navy still require the $36.7 million requested for inactivation of the two submarines in fiscal year 1987?

Answer. There has been so slippage in the SSN inactivation schedule since the submission of the President's budget request the Congress. These ships are still scheduled to start their inactivations in July of 1987. The inactivations will take approximately nine months each and will not complete until April of 1988. These ships will not be stricken and decommissioned until the inactivation is complete and as such they are not shown as inactivated until FY 1988 even though the inactivation started in FY 1987. Thus, in the tables you have referred to, these ships are displayed as still active at the end of FY 1987.

Question. The fiscal year 1987 request also contains $4,159,000 for advanced planning for two additional submarines scheduled for inactivation in the outyears. Are these funds still needed in fiscal year 1987 or will the slippage of two submarines in the fiscal year 1987 program to 1988 result in the slippage of these two other submarines?

Answer. As I stated earlier, the SSN inactivation schedule has not slipped since the submission of the President's budget request to Congress. The SSN inactivations planned for the outyears are still on schedule and the advance planning funds for these inactivations are still required in FY 1987.

ELF/TACAMO OPERATIONS

Question. You request growth of $1,278,000 for an increase of 800 TACAMO flying hours in FY 1987. How many hours are for expanding Pacific operations? How and why are you expanding operations.

Answer. All of the 800 hour increase for TACAMO flying hours occurs in the Pacific fleet. The additional hours will allow for continued full coverage of submarine patrol areas and for additional transit time associated with random staging areas.

Question. How many TACAMO hours are for aircrew proficiency training?

Answer. In FY's 1985 through 1987, the budget reflects 2,424 hours associated with aircrew training.

Question. In your performance criteria you identify average hours per TACAMO aircraft in FY 1986 of 1,228. When multiplied by the average number of aircraft, 16, it equals 19,648. Why have you programmed for 21,900 instead of 19,648.

Answer. The performance criteria for FY 1986 aircraft operations is in error. The number of operating aircraft is 17 vice 16, and hours per aircraft should read 1288 vice 1228.

Question. What would be the budgetary and mission impact if the TACAMO program was held to FY 1986 average flying hours per aircraft?

Answer. Real-world conditions will dictate the number of hours flown by TACACO aircraft, as reflected by actual FY 1985 utilization rates of 1,486 hours per aircraft. Any decrease would result in fewer hours available for aircrew training.

Question. Your request for additional TACAMO flying hours is inconsistent when compared to the decrease you have programmed for Temporary Active Duty. How will you pay to send crews on more training missions with less per diem funding?

Answer. FY 1987 temporary active duty (TAD) funding is less than required based on FY 1985 actuals. The budget request reflects a pro-rata share of funds currently available to support TAD requirements. This mission essential travel is required to support assigned national taskings. However, the budget process is unsupportive of increased TAD funding, often overlooking the difference between administrative travel and travel that is required in performance of assigned missions. The impact on training missions will be minimal since the majority of these flights are local and do not involve TAD. However, decreased TAD funding will result in fewer formal training (schools) opportunities for squadron personnel, and limited participation in Fleet and Joint Chief of Staff exercises.

Question. You request an increase of $3,337,000 for ELF installation and configuration management. What is the programmed schedule to begin and complete the ELF installation in Michigan? Has the schedule changed, if so, what are the budgetary impacts? Are there any foreseeable roadblocks standing in the way of this effort?

Answer. The ELF shore transmitter program involves two sites, Clam Lake, Wisconsin and Republic, Michigan. The Clam Lake site facility improvement started in FY 1983 and was complete in FY 1985. The Republic site installation started in FY 1984 and will reach initial operational capability in late FY 1986 with full operational capability, including all submarine receivers, in FY 1988. Military construction in Republic was complete in January 1986.

Since program go ahead direction was received in October 1981, the program has experienced an approximately 1 year delay due to a Federal Court Injunction during 1984. Since that time there have been no other schedule delays or associated budgetary impacts nor are any anticipated in the future.

READY RESERVE FLEET

Question. In FY 1986 Congress added $3,600,000 to allow the Navy to fully fund the dispersal of all 45 Ready Reserve Fleet (RRF) ships in fiscal year 1986. Does Navy plan to disperse all 45 ships in FY 1986?

Answer. Dispersal was initiated in FY 85 when Congress appropriated $5,000,000 for the effort. $3,600,000 has been appropriated but not authorized in FY 1986. Currently we have schedules and berths for 40 outported ships in FY 1986 with another 11 ships awaiting dates for dispersal. Of the 51 ships, 16 will be placed at "no charge" government locations.

Question. Were the appropriated funds sufficient to finance the dispersal?

Answer. The $3,600,000 in FY 1986 was appropriated but not authorized, so those funds are not currently available to Navy to support the FY 1986 dispersal program. A recap of funding and costs for both FY 1985 and FY 1986 is as follows:

	Funding	Costs
FY 1985	5,000,000	4,500,000
FY 1986	3.600,000	6,000,000
Total	8 600.000	10.500,000

This leaves a net unfunded program of $1,900,000 if the $3,600,000 of FY 1986 funds are authorized.

Question. How much has been requested for the RRF dispersal in FY 1987 and are those amounts sufficient?

Answer. $3,600,000 is in the FY 1987 budget request as part of the FY 1986 base program. If FY 1986 funds are authorized for program execution, the requested amount in FY 1987 will permit a continuation of the program at a minimum level.

Question. The Congress also recommended that the Navy consider Gulf ports as possible lay berths for ships which had not previously been designated for a certain port. Has the Navy decided where to berth the final seven RRF ships?

Answer. Of the 51 ships scheduled for outporting, seven are planned for Gulf ports:

Delta Sud	ADSCO, Mobile AL
Delta Norte	ADSCO, Mobile AL
Delta Mar	ADSCO, Mobile AL
Delta Caribe	ADSCO, Mobile AL
Doctor Lykes	Violet's, LA
Almeria Lykes	Violet's, LA
Tillie Lykes	Violet's, LA

Question. You request $3,237,000 for 2 additional no-notice breakout activations for RRF ships. Provide a discussion of the breakout program to include the numbers of breakouts and cost for FY 1985, 1986 and 1987. What benefit will be derived by two additional breakouts in FY 1987?

Answer. Activations increase annually as the Ready Reserve Force (RRF) continues to grow. Periodic activations are conducted to ensure that the RRF ships can meet readiness standards required to respond to a national emergency. The funding for additional activations are not necessarily for No-Notice breakouts. Activations may be in one of the following categories:

A. No-Notice activation: the ship is activated in a repair facility on an "around the clock" basis, given a dock trial and a sea trial, and delivered to the Navy for an operational mission.

B. Training activation (Complete): used for training all personnel involved with an activation, and includes all activation procedures from ordering an activation through dock trials.

C. Training activation (Reserve): Used to train reserve fleet personnel in breakout procedures and includes all breakout procedures up to but not including transit to an activation facility.

Funding is as follows:

[Dollars in millions]

FY 1985	FY 1986	FY 1987
5 ships at $8.0	12 ships at $18.7	14 ships at $27.7

Category A activations are usually held to coincide with scheduled fleet exercises as was the case in AHUAS TARA/OCEAN VENTURE 86 (Cape Decision), TEAM SPIRIT 86 (Cape Ducato and Cape Bon) and MEDLOGEX 85 (Southern Cross).

SHIP MAINTENANCE AND MODERNIZATION

Question. You request an increase of $93,169,000 for advance planning for future overhauls. Since the number of overhauls has been steadily declining, the Committee fails to understand why you would not require less, not more, advance planning funding? Please provide a list, by overhaul of advance planning funding for FY 1985, 1986, 1987.

Answer. Advance planning funds requested in FY 1987 will be used to prepare for FY 1988 and FY 1989 overhauls and one FY 1990 overhaul. The value of advance funding in any given fiscal year is based upon the starting date of overhauls, where the overhauls are to be performed (public or private shipyard), and the specific work packages involved. The FY 1987 funding is provided below. It should be noted that over half of the total increase, $56.1 million is requested to support the FY 1990 refueling overhaul of the USS *Enterprise* (CVN 65).

[Dollars in thousands]

Hull Number	Amount	ROH Start (Mo/Yr)
CV 43	$2,141	April 1989
CV 60	4,209	November 1987
CG 20	1,828	May 1988
CG 27	380	January 1989
CG 47	1,235	September 1988
DDG 993	1,073	August 1988
DD 968	736	October 1987
DD 969	369	November 1988
DD 970	369	October 1988
DD 974	369	September 1989
DD 977	369	January 1989
DD 981	369	January 1989
FF 1049	882	December 1987
FF 1068	480	May 1989
FF 1079	838	February 1988
FF 1081	838	October 1987
AD 18	421	October 1988
AD 38	150	October 1987
AD 41	364	April 1989
SSN 649	2,612	October 1987
SSN 660	2,622	March 1988
SSN 671	2,196	March 1988
SSN 674	3,120	October 1988
SSN 676	3,073	October 1988
SSN 678	7,018	October 1988
SSN 681	2,753	October 1987
SSN 685	1,593	April 1989
SSN 699	3,136	October 1988
SSN 700	2,734	October 1988
SSN 702	2,602	January 1989
SSN 703	2,101	July 1989
SSN 712	2,101	August 1989
AS 18	2,017	May 1988
AS 39	2,000	May 1988
AGF 11	1,739	November 1988
CVN 65	56,100	June 1990
CG 18	1,448	August 1988
CG 29	1,389	November 1987
CG 30	1,362	February 1988
CGN 36	3,403	June 1989
CGN 41	3,434	October 1987
DDG 994	1,185	March 1988
DD 971	1,117	June 1988
DD 975	1,212	July 1988
SSN 647	3,034	January 1989
SSN 666	2,814	April 1989
SSN 672	3,256	June 1989

BEST COPY AVAILABLE

[Dollars in thousands]

Hull Number	Amount	ROH Start (Mo/Yr)
SSN 680	5,866	August 1988
SSN 682	3,457	January 1988
SSN 698	3,352	November 1987
SSN 701	3,518	November 1988
SSN 711	3,624	October 1988
LPH 3	858	October 1987

Question. When the Secretary of the Navy appeared before the Committee earlier this year we requested a list of overhauls and restricted availabilities. For the record please identify current revisions of available dates for ships scheduled for repair work, that will result in any changes in your FY 1987 budget request.

A listing of Navy ship repair work referenced above is displayed in the following tables:

FY 1987 Ship Overhaul Program (O&MN)
($000)

Hull #	Location	Total Cost	Advance Funding (FY 1986)	Net Cost FY 1987
SSBN 617	PUBLIC/PRIVATE	149,000	24,025	124,975
SSBN 620	PUBLIC/PRIVATE	129,540	6,232	123,308
SSBN 623	PUBLIC/PRIVATE	149,000	25,190	123,810
SSBN 636	PUBLIC/PRIVATE	132,000	8,124	123,876
SSBN 642	PUBLIC/PRIVATE	149,000	25,345	123,655
CV 66	NORFOLK	117,158	4,712	112,446
CG 16	PUGET SOUND	28,866	0	28,866
CG 17	PHILADELPHIA	30,296	1,108	29,188
CG 19	PHILADELPHIA	30,421	1,260	29,161
CG 22	LONG BEACH	32,496	970	31,526
DD 964	CWA	27,310	1,065	26,245
DD 965	CWA	27,310	1,165	26,145
DD 966	CWA	27,310	965	26,345
DD 967	CWA	27,310	665	26,645
DDG 995	PHILADELPHIA	18,264	765	17,499
FFG 6	PHILADELPHIA	16,538	715	15,823
FF 1040	PHILADELPHIA	29,632	1,205	28,427
FF 1044	PHILADELPHIA	25,536	810	24,726
FF 1045	PEARL HARBOR	27,587	550	27,037
FF 1075	CWA	15,225	523	14,702
FF 1097	CWA	21,905	460	21,445
SSN 646	MARE ISLAND	99,590	5,705	93,885
SSN 652	PUGET SOUND	80,551	5,436	75,115
SSN 668	NORFOLK	92,858	6,297	86,561
SSN 669	PUGET SOUND	82,935	4,804	78,131
SSN 670	PORTSMOUTH	86,921	3,973	82,948
SSN 675	PORTSMOUTH	102,830	8,032	94,798
SSN 684	MARE ISLAND	125,258	3,659	121,599
SSN 697	PEARL HARBOR	114,372	4,910	109,462
ASR 15	CWA	6,712	355	6,357
ASR 21	LONG BEACH	18,034	400	17,634
AGDS 2	LONG BEACH	23,871	0	23,871
LPD 2	CWA	27,500	800	26,700
LPH 11	CWA	34,463	800	33,663
LHA 1	LONG BEACH	52,958	765	52,193
MSO 448	CWA	1,767	235	1,532
AOE 1	CWA	49,000	1,900	47,100
TOTALS		2,211,324	154,825	2,056,499

FY 1986 Ship Overhaul Program (O&MN)
($000)

Hull #	Location	Total Cost	Advance Funding (FY 1985)	Net Cost FY 1986
SSBN 640	CHARLESTON NSY*	151,149	27,393	123,756
SSBN 643	CHARLESTON NSY*	137,016	3,410	133,606
SSBN 645	PORTSMOUTH NSY	129,471	4,672	124,799
CVN 69	NEWPORT NEWS	218,607	50,150	168,457
CG 34	PHILADELPHIA NS	30,730	920	29,810
CGN 40	NORFOLK NSY	135,129	2,298	132,831
DDG 42	PUBLIC/PRIVATE	28,640	650	27,990
DD 963	CWA	26,073	991	25,082
DD 990	CWA	22,470	1,050	21,420
DD 991	PUBLIC/PRIVATE	22,470	1,050	21,420
DD 992	PUBLIC/PRIVATE	22,470	1,050	21,420
FF 1050	PUBLIC/PRIVATE	26,399	0	26,399
FF 1051	PUBLIC/PRIVATE	23,979	550	23,429
SSN 615	PORTSMOUTH NSY	105,173	3,228	101,945
SSN 638	PUGET SOUND NSY	79,787	3,794	75,993
SSN 639	PUGET SOUND NSY	75,395	3,295	72,100
SSN 648	MARE ISLAND NSY	96,545	3,493	93,052
SSN 667	MARE ISLAND NSY	113,478	9,820	103,658
SSN 673	PUGET SOUND NSY	90,918	2,711	88,207
SSN 677	PUGET SOUND NSY	90,411	5,231	85,180
SSN 683	MARE ISLAND NSY	89,470	4,788	84,682
SSN 693	NORFOLK NSY	89,058	6,779	82,279
SSN 694	PORTSMOUTH NSY	82,085	7,110	74,975
SSN 695	PEARL HARBOR NS	105,013	3,360	101,653
SSN 696	PEARL HARBOR NS	114,370	5,919	108,451
AS 36	CWA	29,130	1,644	27,486
MSO 490	CWA	1,876	301	1,575
LHA 4	NORFOLK NSY	45,507	1,284	44,223
LHA 5	LONG BEACH NSY	55,826	1,750	54,076
LPH 2	CWA	22,544	835	21,709
LPD 7	LONG BEACH NSY	30,407	1,000	29,407
LSD 38	CWA	17,684	600	17,084
LSD 40	PUBLIC/PRIVATE	24,575	1,200	23,375
ASR 13	CWA	7,200	224	6,976
ASR 14	CWA	6,190	838	5,352
ATS 1	CWA	7,630	400	7,230
ATS 3	PEARL HARBOR NS	15,238	795	14,443
TOTALS		2,370,113	164,583	2,205,530

*Public/Private competition ships awarded to Charleston Naval shipyard.

FY 1986 LANTFLT SRAs

Hull #	Location	Cost ($000)
SSBN 620	PORTSMOUTH	8,741
SSBN 626	PORTSMOUTH	8,635
AFDB 7	SS CHARLESTON	11,410
CV 43	NORFOLK NSY	16,516
CV 60	CWA	17,485
CVN 68	NORFOLK NSY	18,108
CG 20	CHARLESTON NSY	3,473
CGN 37	NORFOLK NSY	7,367
DDG 2	CWA	4,378
DDG 5	NORFOLK NSY	2,957
DDG 6	CWA	3,236
DDG 19	CWA	3,140
DDG 23	CWA	3,135
DDG 993	CWA	3,322
DD 968	CWA	2,349
DD 970	NORFOLK NSY	2,557
DD 974	HPA	2,403
DD 978	HPA	2,408
DD 981	HPA	1,975
FFG 6	HPA	2,097
FFG 8	HPA	4,124
FFG 15	HPA	3,705
FFG 21	HPA	2,628
FFG 31	HPA	2,150
FFG 36	HPA	2,318
FFG 39	HPA	2,313
FF 1049	HPA	1,636
FF 1075	HPA	1,879
FF 1078	HPA	2,056
FF 1079	HPA	2,133
FF 1082	HPA	2,664
FF 1085	HPA	2,180
FF 1089	HPA	2,120
FF 1090	HPA	1,022
FF 1093	HPA	836
FF 1097	HPA	2,199
PHM 2	HPA	2,624
PHM 5	HPA	2,266
PHM 6	HPA	2,447
AD 18	HPA	2,525
AD 38	HPA	6,056
SSN 588	HPA	8,562
SSN 660	CHARLESTON	8,182
SSN 664	CHARLESTON	5,774
SSN 671	CHARLESTON	7,541
SSN 675	NORFOLK	6,076
SSN 676	PORTSMOUTH	8,937
SSN 685	NORFOLK	7,989
SSN 699	NORFOLK	7,989
SSN 706	SS GROTON	7,275
LHA 2	NORFOLK	4,416
AVT 16	HPA	9,096

FY 1987 LANTFLT SRAs

Hull #	Location	Cost ($000)
SSBN 616	PORTSMOUTH NSY	5,842
SSBN 622	PORTSMOUTH NSY	5,805
SSBN 627	CHARLESTON NSY	8,887
SSBN 632	CHARLESTON NSY	8,955
SSBN 633	CHARLESTON NSY	7,991
AS 31	HPA	3,849
AS 32	CHARLESTON NSY	4,728
CV 59	HPA	17,154
CV 67	NORFOLK NSY	16,867
CG 27	HPA	3,032
CG 47	NORFOLK NSY	3,029
CG 48	HPA	2,956
DDG 11	HPA	3,687
DDG 18	HPA	4,156
DDG 37	NORFOLK NSY	3,745
DDG 38	HPA	4,052
DDG 39	CHARLESTON NSY	7,593
DDG 40	HPA	3,667
DDG 41	HPA	3,931
DDG 43	NORFOLK NSY	3,418
DDG 45	CHARLESTON NSY	7,838
DD 969	HPA	2,012
DD 977	HPA	1,894
DD 979	NORFOLK NSY	2,356
DD 980	HPA	2,048
DD 981	HPA	1,796
DD 982	HPA	2,280
DD 983	HPA	2,234
FFG 4	HPA	2,377
FFG 5	HPA	2,189
FFG 20	HPA	3,587
FFG 22	HPA	3,718
FFG 24	HPA	3,712
FFG 26	HPA	3,712
FFG 28	HPA	5,278
FFG 29	HPA	5,278
FFG 40	HPA	2,070
FFG 42	HPA	2,056
FFG 45	HPA	2,084
FFG 47	HPA	2,084
FF 1043	HPA	1,874
FF 1059	HPA	1,985
FF 1068	HPA	1,985
FF 1080	HPA	2,790
FF 1084	HPA	2,865
FF 1092	HPA	1,882
FF 1094	HPA	1,881
FF 1098	HPA	6,606
PHM 1	HPA	1,375
PHM 3	HPA	1,064
AD 44	HPA	5,834

FY 1987 LANTFLT SRAs

Hull #	Location	Cost ($000)
SSN 597	PORTSMOUTH NSY	8,404
SSN 606	PORTSMOUTH NSY	7,906
SSN 653	CHARLESTON NSY	6,379
SSN 661	NORFOLK NSY	6,804
SSN 678	PORTSMOUTH NSY	6,768
SSN 686	CHARLESTON NSY	6,329
SSN 700	PUBLIC/PRIVATE	5,628
SSN 702	NORFOLK NSY	6,590
SSN 703	PORTSMOUTH NSY	5,756
SSN 704	NORFOLK NSY	5,998
SSN 705	PORTSMOUTH NSY	4,315
SSN 708	NORFOLK NSY	7,310
SSN 709	NORFOLK NSY	7,240
SSN 710	PUBLIC/PRIVATE	6,699
SSN 712	NORFOLK NSY	7,490
LPD 1	HPA	5,812
LPD 15	HPA	6,000
AO 98	HPA	4,123
AVT 16	HPA	9,612

FY 1986 PACFLT SRAs

Hull #	Location	Cost ($000)
CV 41	YOKO	36,696
CV 63	HPA	19,966
CV 64	HPA	19,966
CG 18	PEARL HARBOR NSY	3,765
CG 24	YOKO	3,467
CG 30	HPA	5,103
CG 31	SUBIC	4,712
CG 33	HPA	5,108
CGN 36	HPA	5,787
DDG 13	HPA	3,724
DDG 21	YOKO	3,321
DDG 994	LONG BEACH NSY	3,435
DD 967	HPA	2,060
DD 972	YOKO	2,489
FFG 3	HPA	3,897
FFG 14	HPA	4,275
FFG 19	HPA	4,375
FFG 30	HPA	2,510
FFG 33	HPA	2,510
FFG 37	HPA	2,510
FF 1037	HPA	3,542
FF 1055	HPA	2,160
FF 1057	PEARL HARBOR NSY	2,590
FF 1076	HPA	2,160
FF 1083	HPA	2,160
FF 1087	YOKO	1,664
FF 1088	HPA	2,260
SSN 594	MARE ISLAND NSY	9,454
SSN 604	MARE ISLAND NSY	8,151
SSN 647	MARE ISLAND NSY	8,174
SSN 672	MARE ISLAND NSY	8,082
SSN 680	MARE ISLAND NSY	8,082
SSN 707	MARE ISLAND NSY	7,648
SSN 711	PEARL HARBOR NSY	8,033
SSN 715	PEARL HARBOR NSY	8,133
AS 41	HPA	5,490
LCC 19	YOKO	9,487
LKA 114	HPA	6,750
LKA 116	YOKO	8,560
LPD 8	YOKO	8,053
AR 8	HPA	8,242

FY 1987 PACFLT SRAs

Hull #	Location	Cost ($000)
CV 41	YOKO	23,900
CV 61	HPA	16,500
CV 64	HPA	22,000
CVN 65	HPA	50,200
CVN 68	PUGET SOUND NSY	17,039
CVN 70	HPA	27,400
BB 62	LONG BEACH NSY	8,120
CG 21	HPA	3,594
CG 31	SUBIC	4,593
CG 32	HPA	3,894
CG 49	HPA	3,198
CGN 9	HPA	12,200
CGN 35	HPA	5,500
DDG 9	YOKO	3,457
DDG 996	HPA	4,570
DD 971	HPA	2,552
DD 972	YOKO	2,660
DD 973	HPA	2,752
DD 975	HPA	2,552
DD 976	HPA	2,752
DD 986	HPA	2,652
FFG 25	HPA	4,617
FFG 38	HPA	3,859
FFG 41	HPA	3,859
FFG 43	HPA	3,859
FFG 46	HPA	3,859
FF 1052	YOKO	1,694
FF 1058	HPA	2,260
FF 1062	PEARL HARBOR NSY	2,381
FF 1063	HPA	2,831
FF 1066	HPA	2,731
FF 1067	YOKO	1,794
FF 1069	HPA	2,731
FF 1070	HPA	6,097
FF 1071	PEARL HARBOR NSY	2,816
FF 1073	PEARL HARBOR NSY	3,649
FF 1074	PEARL HARBOR NSY	4,378
FF 1076	HPA	6,197
AD 15	HPA	7,495
AD 43	HPA	6,429
SSN 595	MARE ISLAND NSY	9,437
SSN 596	MARE ISLAND NSY	9,437
SSN 609	PEARL HARBOR NSY	7,773
SSN 612	MARE ISLAND NSY	9,437
SSN 613	PUGET SOUND NSY	7,046
SSN 651	PEARL HARBOR NSY	8,254
SSN 666	PEARL HARBOR NSY	8,254
SSN 701	MARE ISLAND NSY	6,857
SSN 716	PUGET SOUND NSY	8,372
SSN 717	PEARL HARBOR NSY	8,369
LCC 19	YOKO	9,876
LKA 116	YOKO	7,630
LPD 8	YOKO	9,160
LPD 10	HPA	6,000
LST 1189	YOKO	3,100

FY 1986
PACFLT PHASED MAINTENANCE AVAILABILITIES*

Hull #	Location	Cost ($000)
FF 1037		2,528
LST 1182		4,147
LST 1184		4,147
LST 1186		3,747
AE 22		5,760
AE 24		7,420
AE 33		6,615
AFS 1		6,573
AFS 4	GUAM	5,950
AFS 7	GUAM	6,545
AO 180		6,107
AOE 2		14,105
AOR 1		10,401
AOR 3		10,255

*Phased maintenance availabilities are scheduled for homeport area except as noted.

FY 1986
LANTFLT PHASED MAINTENANCE AVAILABILITIES*

Hull #	Location	Cost ($000)
LKA 113		3,239
LPH 7		9,909
LST 1180		3,588
LST 1196		3,223
AE 23		5,573
AE 34		5,826
AFS 6		5,604
AOE 3		9,364
AOR 6		6,695
LST 1188		5,002
LST 1194		5,196
LST 1197		5,457
AFS 2		5,689
AO 178		6,749
AO 179		6,496

*Phased maintenance availabilities are scheduled for homeport area except as noted.

FY 1987
LANTFLT PHASED MAINTENANCE AVAILABILITIES

Hull #	Location	Cost ($000)
LCC 20	NORFOLK NSY	9,480
LKA 113	HPA	3,525
LKA 117	HPA	3,280
LPH 9	HPA	11,440
LSD 37	HPA	4,026
LST 1181	HPA	3,871
AE 21	HPA	5,623
AE 28	HPA	5,896
AFS 2	HPA	4,287
AFS 5	HPA	4,025
AFS 6	HPA	4,691
AOR 2	HPA	7,173
LST 1193	HPA	4,041
LST 1196	HPA	4,053
AE 23	HPA	6,199
AO 186	HPA	7,280
AOE 4	HPA	9,029

FY 1987
PACFLT PHASED MAINTENANCE AVAILABILITIES

Hull #	Location	Cost ($000)
DDG 7	HPA	5,997
DDG 8	HPA	6,196
DDG 12	HPA	6,196
DDG 15	HPA	3,457
DDG 16	PEARL HARBOR NSY	3,250
DDG 20	PEARL HARBOR NSY	2,759
FFG 1	HPA	6,197
FF 1041	HPA	2,360
FF 1048	HPA	2,578
LKA 115	HPA	6,727
LST 1183	HPA	3,919
LST 1187	HPA	4,119
LST 1195	HPA	4,319
LST 1198	HPA	4,119
AE 24	HPA	8,005
AE 25	GUAM	6,717
AE 32	HPA	7,482
AE 35	HPA	7,582
AFS 3	GUAM	5,503
AFS 4	GUAM	6,703
AFS 7	GUAM	6,438
AO 177	HPA	7,181
AO 180	HPA	7,481
AOR 5	HPA	12,249
AOR 7	HPA	11,849

Question. How were you able to advance 9 SRAs scheduled for 1986 up 1985?

Answer. Late in FY 1985 it became evident that private sector overhaul and restricted availability contracts were being signed at values lower than budgeted. At that time it was determined that the excess funding resulting from the contract savings could best be used to accomplish work originally planned for FY 1986. The specific ships and original start dates are as follows:

Hull Number	Orig Date (Mo/Yr)
AR 5	October/15, 1985
AOR 4	October/8, 1985
DD 997	October/15, 1985
FFG 34	October/19, 1985
LST 1192	October/15, 1985
SSN 607	October/1, 1985
SSN 714	October/15, 1985
SSN 682	October/1 1985

Question. Since the Navy testified there was no FY 1986 financial backlog for ship repair, how were you able to make these ships available?

Answer. The ships advanced from FY 1986 to FY 1985 were all scheduled within the first two weeks of FY 1986. Accordingly, they did not have operational commitments which would have precluded their entering the shipyard for repairs at an earlier date.

Questions. Do you anticipate being able to perform a similar advance of FY 1987 SRAs into FY 1986?

Answer. The FY 1985 program was budgeted using standard inflation rates. Experience has proven that the price increases have been substantially less than the standard rate and adjustments to FY 1986 and FY 1987 inflation rates have been incorporated in the current budget submision. The inflation rate used for private shipyard repair work in FY 1986 is 2.0 percent compared to a standard rate of 3.5 percent and in FY 1987 the rate is −.1 percent compared to a standard rate of 4.0 percent. Since we have priced repair work at a lower rate it is not anticipated that funding will be available to advance work from FY 1987 to FY 1986. In addition, any savings will have to be used to offset the effects of PL 99-177.

Question. You request $8,182,000 to implement the Submarine Extending Operating Cycle (SEOC) program. Provide the results of the feasibility study of the SEOC program and describe what benefits the Navy will receive from this funding?

Answer. The funding increase cited is the second increment required to evaluate the feasibility of eliminating the first non-refueling overhaul of SSNs 700-718, currently scheduled for overhauls between FY 1989 and FY 1992. The first increment of the study began in FY 1986 with $2,334,000 being used to establish specific guidelines for analysis and hiring personnel to carry-out the program. In order to determine the feasibility of eliminating the overhauls, the Navy will undertake a two year program of engineering analysis employing performance monitoring of critical systems, material assessment of 688 class submarines in overhaul, special pre-overhaul testing, and technical reviews. The analysis is to be completed in May of 1987 and a final decision on the program feasibility is expected by July of 1987. If the analysis supports extending the operating cycle of these submarines, thereby eliminating the first overhaul and replacing it with a six month modernization period, the cost avoidance between FY 1989 and FY 1992 will be approximately $500 million. In addition, each ship will spend 10 months less in depot maintenance availabilities during the cycle.

Question. You also request $1,583,000 for submarine ship performance monitoring program for a combined increase of almost $10 million for SSN Performance Monitoring and Support Programs, and yet your performance criteria and evaluation data (p. 1-2-35) identifies decreasing total workload indicators for engineering support (66 to 63 operating years) and maintenance planning 66 to 63 years), slightly offset by increases in data performance assessment (55.8 to 56.6). What drives the increased funding in this area?

Answer. The increase of $1,583,000 should not be confused with the increase identified in the previous question. The increase cited previously funds a specific analysis related to extending the 688 class submarine operating cycle beyond their currently planned cycle and thus is a unique and extensive effort. The increase of $1,583,000 is related to the number of submarines included under the performance monitoring program and the submarine extended operating cycle program. As noted on page 1-2-35 of the budget justification book, the number of submarines included in the performance monitoring program increases by 5 to a total of 71 and the number of submarines included in the extended operating cycle program increases by 4 to a total of 90. With the increase in submarines comes an increase in the operating systems which must be monitored to assure continued safe operations. This constant monitoring will enable the Navy to identify potential problems and avoid degradation of operations. As noted in your question, the number of operating months for the submarines decreases between FY 1986 and FY 1987. This fact reflexts increases in submarines in a maintenance status, but has no affect on the monitoring efforts desired to carry-out the objectives of the program.

Question. What causes the growth in SIMA Administrative costs (p. 1-2-35) in FY 1987 from $26,038,000 to 30,098,000? Why is the FY 1987 estimate over 75 percent higher than the FY 1984 SIMA administration costs of $17,514,000.

Answer. Provided below is a track of the changes from FY 1984 certified obligations of $17,514,000 on the FY 1987 request of $30,098,000.

	Thousands
FY 1984 Certified Obligations	$17,514
Inflation	683
Transfer from Base Operations and RA/TA for SIMA Guantanamo Bay	1,800
SIMA planning support associated with changes in the overall ship maintenance strategy. For example, longer duration between overhauls requiring more emphasis on short depot availabilities and intermediate maintenance periods	1,043
FY 1985 Certified Obligations	21,040
Inflation	863
Transfer of USS *Steadfast* (AFDM 14) from Base Operations	3,700

	Thousands
SIMA planning support associated with changes in the overall ship maintenance strategy. For example, longer duration between overhauls requiring more emphasis on short depot availabilities and intermediate maintenance periods	435
FY 1986 Current Estimate	26,038
Inflation	1,042
Industrial Plant Equipment installation costs	1,385
Test program package set development and reproduction	1,452
FY 1987 Budget Request	30,098

UNOBLIGATED FUNDS FOR SHIP OVERHAUL, MAINTENANCE & REPAIR

Question. Since fiscal year 1982, Defense Appropriations Acts have allowed the Navy to carry over unobligated operations and maintenance (O&M) funds into following fiscal years for "payment of unusual cost overruns incident to ship overhaul, maintenance, and repair for ships inducted into industrial fund activities or contracted for in prior fiscal year" The amount of these unobligated O&M funds has grown significantly from $77.8 million in fiscal year 1982 to $301.5 million in fiscal year 1985. Why have amounts of unobligated funds for ship overhaul grown so significantly since FY 1982?

Answer. The unobligated balance at the end of FY 1982 was based on the transition to use of Technical Operating Budgets (TOBs) for work performed in private shipyards. The use of TOBs results in obligation of funds as work is accomplished as opposed to the previous method of using work requests which resulted in total obligation of funds upon acceptance. Fiscal year 1983 marked the first year in which full funding of ship maintenance and modernization began and funds were made available for obligation after the year of induction. The difference between the FY 1982 unobligated balance of $77.8 million and the FY 1983 requirement of $173.4 million represents full transition to our current methods of operations. The value of unobligated balances in any given fiscal year will vary depending upon the total value of work scheduled, the duration of availabilities, and the timing of inductions. For example, FY 1983 included 3 SSBN overhauls and 8 SSN overhauls whereas FY 1985 included 4 SSBN overhauls and 10 SSN overhauls. Since submarines are usually our most expensive overhauls and are generally of extended duration, such a seemingly slight difference in schedules can dramatically alter the value of unobligated balances.

Question. What is the projected unobligated balance for fiscal year 1986?

Answer. Our best estimate at this time is $157.4 million.

Question. How much O&M funding for ship overhaul, maintenance and repair was never obligated or was deobligated each fiscal year from FY 1982 to the present.

Answer. The value of ship maintenance related obligational authority which lapsed into the "M" account for FY 1982 and FY 1983 was $6.3 million and $10.4 million respectively. As of February 1986, the FY 1984 unobligated balance is $38.2 million, of an original unobligated balance of $265.4 million. The FY 1985 unobligated balance is $148.1 million of an original unobligated balance of $301.5 million. Of course, in FY 1985 ship maintenance availabilities are still ongoing.

GENERAL PURPOSE SHIP OPERATIONS

Question. In FY 1986, the Senate Appropriations Committee recommended an $85,000,000 reduction in Navy Steaming Hours as a result of reduced OPTEMPO. The Navy appealed this cut claiming numerous adverse impacts, which prompted the conferees to restore $20,000,000. We now find that not only was the Navy able to absorb the $65,000,000 congressional reduction, but you were able to reduce another $45,000,000 which you shifted to other programs. How were you able to achieve the additional steaming hour reduction?

Answer. We are continuing to develop detailed operating plans to achieve our OPTEMPO goal of 50.5 days deployed and 29 days nondeployed in an austere funding environment, but we have much work remaining to be done. A number of actions are being taken at this time to economize on operations including the utilization of slower transit speeds, assigning a reduced number of escorts to Battle Groups, extending the number and length of port calls, reducing participating in exercises, scheduling of exercises in areas closer to homeports, increasing use of training anchorages, and major efforts to maximize both the quanity and quality of battle force inport training. These concentrated efforts have yielded substantial gains in reduced steaming hours; however, it appears at this time that our present missions world-wide and ongoing operations in the Mediterranean will absorb all of our economies and then some.

Question. You request $29,700,000 to support 13 new ships to be delivered in FY 1987. Please provide for the record the planned delivery date for each ship and identify any schedule changes and resulting budgetary impacts.

Answer.

Hull number	Budgeted delivery	Current delivery
CG 51	04 Jul 1987	04 Jul 1987
CG 53	21 Feb 1987	21 Feb 1987
CG 54	06 May 1987	06 May 1987
CVN 71	15 Oct 1986	15 Oct 1986
FFG 59	11 Oct 1986	21 Feb 1987
FFG 60	16 Dec 1986	13 Dec 1986
LSD 43	03 Jul 1987	03 Jul 1987
MCM 1	25 Oct 1986	19 Dec 1986
MCM 2	25 Jan 1987	21 Jul 1987
SSN 722	30 Dec 1986	15 Jan 1987
SSN 723	15 Jul 1987	15 Jul 1987
SSN 724	31 Jan 1987	31 Dec 1986
SSN 725	01 Sep 1987	01 Sep 1987

The current delivery schedule results in the FFG 59 operations being reduced by 4 months, the MCM 1 by 2 months, the MCM 2 by 7 months, and the SSN 722 by 2 weeks. The SSN 724 will deliver 1 month early. Based on the current delivery schedule, funding requirements in FY 1987 are overstated by $1,499,000.

CRUISE MISSILE

Question. In FY 1986 you requested and received funds to perform 23 cruise missile Operational Test Launches (OTLs), a growth of 9 over the 14 estimated for FY 1985. Why did you only perform 10 OTLs in FY 1986 and 6 in FY 1985?

Answer. The decrease in the number of OTLs executed is the result of a major restructuring of the cruise missile OTL program. The restructuring was based on the following factors:

a. a limited number of range resources (1 vice the two initially planned);

b. a lower number of missiles and platforms than planned; and

c. the devotion of resources to Full Scale Engineering Development vice OTLs during the early years of the program.

Question. Why do you need to perform 14 OTLs in FY 1987?

Answer. Based on statistical tests and analyses. 14 OTLs are the minimum number necessary to achieve the required confidence levels. The confidence levels are classified.

Question. What guarantee can you provide the Committee that you will perform the full 14 OTLs you request in FY 1987?

Answer. We are confident that all 14 OTLs will be executed in FY 1987. This is primarily because the limiting factors which forced the restructuring of the program no longer exist. There are now two launch ranges on-line and ready for use, we have three years of experience behind us upon which to base our plans, all the FY 1986 launches are proceeding according to schedule, and the preliminary planning and scheduling for the FY 1987 launches are already in place.

Question. You requested funds in FY 1986 to perform 19 refurbishments, but current estimates call for only 4. Why are you performing so few refurbishments in FY 1986?

Answer. Each operational test launch (OTL) is designated as either a planned "hit", in which the target is hit and the missile is not recovered, or a planned "non-hit", in which the target is not hit on purpose and the missile is recovered. All recovered missiles must be refurbished. Missile refurbishments are based on the number of "non-hit" OTLs, since only recovered missiles require refurbishment. The decreased number of OTLs in FY 1986, and an increase in the number of planned target "hits" reduces the number of missiles requiring refurbishment in FY 1986.

Question. How much are you requesting in FY 1987 to perform estimated 13 refurbishments and how confident are you of attaining this number?

Answer. The FY 1987 request includes $6.1 million for 13 refurbishments. We are confident that all 13 refurbishments will be executed since our OTL program is on schedule and there are no other factors limiting execution.

Question. Why do you need to increase the number of missiles tested for nuclear safety and reliability? Is there some indication of a problem? What are the total number of missiles to be tested and the total cost?

Answer. No nuclear safety or reliability problems currently exist and there are no indications of any potential problems. This is because the Navy has budgeted enough funding to execute nuclear safety/reliability requirements included in a joint Department of the Navy/Department of Energy agreement. The agreement stipulates that 22 flights/lab tests per year are required by FY 1988 to achieve the required nuclear safety confidence levels.

Two programs are included in the FY 1987 budget to ensure nuclear safety and reliability. Two million dollars is budgeted for 20 flights/lab tests which test the safety of the "hardware" and $4.9 million is budgeted for Independent Software Nuclear Safety Analysis (ISNSA) to test the "Software" for safety and reliability. Full support of both of these programs is necessary to ensure the nuclear safety and reliability of the cruise missile program.

PROGRAM 7—ENGINEERING AND SUPPORT SERVICES

Question. The Navy requests a net decrease in FY 1987 funding of $13 million for Engineering and Support Services. The committee is concerned that some of the reductions are in areas that could result in long-term cost or even in the loss of life or limb of Navy personnel. What is the impact of a reduction of $1,051,000 in survival equipment?

Answer. Program reductions in the Survival Equipment line were applied in FY 1987 based on substantial increases in FY 1986 for this program. The FY 1987 reduction will have a minimum impact on program and no impact on near term readiness. The three year funding profile for this program is as follows: FY 1985 $2.8 million; FY 1986 $4.0 million; and FY 1987 $3.0 million.

Question. What are the long term impacts resulting from the reduction of $908,000 in aircraft fatigue monitoring through Structural Life Surveillance?

Answer. Program reductions in the Structural Life Surveillance line were applied in FY 1987 based on substantial increases in FY 1986 for this program. The FY 1987 reductions will have a minimum impact on program and no impact on near term readiness. The three year funding profile for this line is as follows: FY 1985 $5.6 million; FY 1986 $7.4 million; FY 1987 $6.7 million.

Question. What safety impacts could arise from $5,413,000 reduction in catapult and arresting gear in-service engineering?

Answer. There will be no safety impacts in this program as a result of the $5,413,000 reduction in the catapult and arresting gear in-service engineering line. All in-service engineering safety related requirements will be supported within the $22.2 million budget request for the program.

INDUSTRIAL PREPAREDNESS

Question. The Navy requests funds in numerous budget activities for a program called Industrial Preparedness. This program provides for development of formal plans with industry for emergency production of weapons systems. The description of this program does not appear to fall within the standards set for funding from the O&M accounts. Since the work to be performed is developmental in nature, why is this not funded in the R&D accounts?

Answer. The Operation and Maintenance, Navy (O&M,N) funding in support of the Industrial Preparedness program does not fund any developmental efforts. It funds data collection, analyses, studies and planning to assess industry's ability to accelerate production in support of mobilization production targets. This effort provides the Navy the means to measure the responsiveness of private industry to produce critical weapons systems to meet the Navy's production requirements in the event of mobilization or loss of contractor capability due to fire, flood, strike or other national emergency. The costs associated with these industrial preparedness efforts are proper charges to the O&M account and have nothing to do with R&D developmental efforts.

Question. Does this program and associated funding not duplicate that found in RDT&E program element number 78011N, Manufacturing Technology, for which the Navy has requested $31.3 million?

Answer. No, the Industrial Preparedness program does not duplicate manufacturing technology efforts under Research, Development, Test and Evaluation (RDT&E). The Operation and Maintenance, Navy funding in support of the Industrial Preparedness program does not fund any developmental efforts. The Manufacturing Technology program funded under RDT&E,N encompasses and integrates activities that have the primary purpose of developing or refining manufacturing technologies, production processes, techniques, or equipment, and completing advanced production engineering measures. The objectives of this program is to reduce production cost and lead-time, to improve quality, to improve productivity and to reduce labor intensive operations. Whereas, the Industrial Preparedness program funds data collection, analyses, studies and planning to assess industry's ability to accelerate production in support of mobilization production targets. It is not developmental and does not duplicate RDT&E programs.

Question. How long has this program been funded in O&M? Please provide a funding track from its inception, by Budget Activity.

Answer. It is uncertain exactly how long industrial preparedness planning has been funded under Operation and Maintenance, Navy (O&M,N); however, it has been funded in O&M,N under Budget Activity 7 for at least the past eight years. Funding data for the past eight years is as follows:

	Millions
Fy1979	$16.7
Fy1980	3.2
Fy1981	3.8
Fy1982	5.2
Fy1983	5.4
Fy1984	2.3
Fy1985	2.3
Fy1986	2.1

Question. What would be the impact if those O&M funds were eliminated and the Navy was directed to fund this requirement in its RDT&E appropriation?

Answer. As stated earlier, the Operation and Maintenance, Navy (O&M,N) is the proper place to finance the efforts being accomplished under the Industrial Prepareness program (studies, analyses, and planning to assess industry's ability to accelerate production in support of mobilization production targets). However, if the Navy is directed to fund the program under Research, Development, Test and Evaluation, Navy (RDT&E, N) and funding is transferred from O&M,N to RDT&E,N in a timely fashion, there would be minimal impact from an execution point of view. If Navy is directed to fund it in RDT&E,N without a transfer from O&M,N there would obviously be some impact as Navy would have to continue this effort at the expense of other RDT&E,N projects. It is premature at this juncture to specifically identify what RDT&E,N projects will be affected.

FLYING HOUR PROGRAM: FLEET AIR TRAINING

Question. The Fleet Air Training program trains replacement aircrews for the Navy and Marine Corps tactical air and anti-submarine warfare (TACAIR/ASW) squadrons. Graduates are qualified for assignment to active fleet squadrons. Student training levels are supposed to be based on authorized TACAIR/ASW force levels and personnel rotations rates.

However, student training loads appear to be extremely high for some aircraft when comparing the number of students budgeted for fiscal year 1987 to the number of TACAIR/ASW crews required. For example:

Aircraft	TACAIR/ASW crews required	Fleet air training students	Percent TACAIR/ASW requirement in fleet air training
AV-8B	73	85	116.4
E-2C	67	74	110.4
SH-60B	96	200	208.3
P-3C	277	302	109.4
FA-18	324	290	89.5

Reconcile the apparent imbalance between the number of students budgeted for Fleet Air Training and TACAIR/ASW aircrew requirements. Provide information for each type, model and series of aircraft.

Answer. There is no imbalance between the number of students budgeted for fleet air training and TACAIR/ASW aircrew requirements. Schedule A displays the number of "crews". A "crew" in Schedule A consists of one or more pilots, Naval Flight Officers and/or enlisted aircrewmen required for a specific type model aircraft. Schedule B displays numbers of individual pilots and Naval Flight Officers that are to be trained in the various categories for a specific aircraft. Schedule B is broken down into five categories. Most category I, II and a portion of category III aircrew are trained for assignment to fleet squadrons. Some category III aircrew fill staff flying billets. Category IV aircrew normally receive training for non-squadron flight billets, such as test and evaluation flying. Category V are special syllabi which vary from aircraft to aircraft. To accurately compare Schedule B students with Schedule A crews for a particular aircraft, it is necessary to consider crew composition, squadron tour length, aircrew experience mix, and which category aircrew are trained for which specific assignment. It is also necessary to consider whether the aircraft community in question is undergoing some change. Increases or decreases in the number of aircraft or squadrons and transitions from one type aircraft to another also impact training requirements. Generally pilots and Naval Flight Officers finish undergraduate training, continue with specialized fleet air training and are assigned to fleet squadrons. But, there are exceptions which must be considered before accurate comparisons can be made.

The AV-8 community is undergoing transition from the A-4M and AV-8C to the AV-8B. It has one pilot per "crew" for the 73 crews displayed in Schedule A in FY 1987 and increases to 105 crews in FY 1988. This growth requires 32 additional pilots. Fleet squadrons require 28 pilots. Fleet readiness squadron attrition is 6 percent. Category I, II and III pilots in Schedule B for FY 1987 total 62, which is consistent with the requirement.

The E-2C is experiencing slight community growth. With two pilots on each crew, eight pilots are necessary for crew expansion from 67 crews in FY 1987 to 73 in FY 1988. Sustained replacement training requires 48 pilots. Fleet readiness squadron attrition for the E-2C is 3 percent. Total category I and II pilots planned in Schedule B for the E-2 in FY 1987 is 58, which is in line with the requirement.

The SH-60B is a new aircraft in the first years of operation. All pilots are initially being trained with the category I syllabus, since there is no SH-60B experience base. Each SH-60B crew contains two pilots. An additional 82 pilots are necessary for the growth from 96 crews in FY 1987 to 137 in FY-88. The remainder of the planned training is fleet replacements and additional instructors for the two SH-60B training squadrons.

The P-3C has a crew which includes three pilots. Training for the remaining P-38 aircraft is combined with P-3C training. Fleet readiness squadron training assets to support these communities include P-3C, P-3B and TP-3A aircraft shown in Schedule B. Annual replacement training requirements for the combined crews is 265 pilots. This is consistent with the 267 total category I and II pilots projected in Schedule B for the three type, model series. Fleet readiness squadron attrition for the P-3 is 5 percent.

The FA-18 is an expanding community with joint Navy and Marine Corps training. The FA-18 has a single pilot as the crew and the fleet readiness squadron attrition rate has been 1 percent to date. The 22 category I and II pilots projected in Schedule B are required for fleet replacement and transition of additional squadrons to the FA-18.

Question. Please identify by type, model, and series of TACAIR/ASW aircraft, the projected number of aircrews authorized versus assigned during fiscal year 1987 and their attrition rates.

Answer. Aircrews authorized versus assigned during fiscal year 1987 and attrition rates by type, model, series aircraft are listed below:

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Aircraft	FY 1987 aircrews		Percent fleet readiness squadron attrition
	Authorized	Assigned	
A-6E	227.35	227	8
KA-6D	62.10	62	8
A-7E	306.72	307	7
F/A-18A	320.92	321	1
F-14A	330.33	330	6
E-2C	68.76	69	3
EA-6B	91.50	92	10
SH-3H	134.46	135	5
S-3A	138.00	138	6
SH-60B	95.60	96	5
SH-2F	138.00	138	6
P-3C	276.68	277	5
P-3B	26.91	27	5
AV-8C	10.50	11	6
AV-8B	72.80	73	6
A-4M	106.40	106	4
F-4S	75.00	75	5
UH-1N	61.20	61	3
CH-46E	198.00	198	4
CH-53E	52.80	53	5
CH-53D	70.40	70	5
CH-53A	35.20	35	5
OV-10A	21.60	22	6
OV-10D	19.80	20	6
KC-130F	39.60	40	2
KC-130R	25.20	25	2
AH-1T	66.00	66	4
AH-1J	13.20	13	4
RF-4B	29.40	29	5

Question. How many Fleet Air Training pilots are expected to be assigned to fleet squadrons during fiscal year 1987 for each type, model and series aircraft? What is the attrition rate for Fleet Air Training pilots?

Answer. The number of pilots that are expected to be trained in fleet readiness squadrons and assigned to fleet squadrons during FY 1987 and the fleet attrition rates for specific aircraft are shown below.

DEPARTMENT OF THE NAVY

	Expected pilot assignments	Percent fleet attrition
A-6E/KA-6D	126	3
A-7E	120	4
F/A-18A	230	2
F-14A	132	4
E-2C	62	2
EA-6B	42	2
SH-3H	125	3
S-3A	97	3
SH-60B	147	4
SH-2F	110	4
P-3C	264	3
P-3B	25	3
AV-8C	4	3

DEPARTMENT OF THE NAVY—Continued

	Expected pilot assignments	Percent fleet attrition
AV 8B	58	3
A 4M	35	2
F 4S	27	2
UH 1N	28	2
CH 46E	80	2
CH 53E	35	2
CH 53D	27	2
CH 53A	13	2
OV 10A	9	3
OV 10D	8	3
KC 130F	28	1
KC 130R	17	1
AH 1T	29	2
AH 1J	4	2
RF 4B	10	3

Question. Category I Fleet Air Training pilots are those who have completed undergraduate pilot training but have to undergo specialized Fleet Air Training before they are qualified to join fleet squadrons. The Navy plans to train 1,463 category I pilots in FY 1987. Assuming all trained undergraduate pilots move to category I. Fleet Air Training is budgeted to train 181 more pilots than will come to it from undergraduate training. A wide variance also exists if an average of FY 1986 and 1987 undergraduate pilots is used. How does Navy plan to train 1,644 category I pilots in the Fleet Air Training program when the number of pilots completing the undergraduate training program falls considerably short.

Answer. Pilots who have completed undergraduate pilot training and continue their training at a Fleet Readiness Squadron prior to assignment to their first fleet tour are considered category I aircrews. Undergraduate pilot training is not the only source of pilots who receive a category I syllabus at a Fleet Readiness Squadron. Generally, any pilot who is being trained for his first fleet assignment in a particular aircraft will receive a category I syllabus. New aircraft, such as the FA-18, AV-8 and SH-60B, have pilots undergoing category I syllabus training who are not recent pilot training graduates. Pilots who change aircraft community and those who join the Navy through inter-service transfer could also receive the category I syllabus. These pilots constitute the difference between undergraduate pilot training completions and the number of category I pilots trained in the Fleet Readiness Squadrons.

Question. Over the past several years, Fleet Air Training hours flown have fallen short of the hours requested in budget submissions.

	Budgeted hours	Actual hours
FY 1983	239,896	215,315
FY 1984	231,374	225,940
FY 1985	242,179	231,292

The fiscal year 1987 budget requests $561.3 million for 281,968 Fleet Air Training flight hours. Why was the Navy unable to fly the Fleet Air Training hours that were requested in budget submissions for fiscal year 1983 through 1985?

Answer. The difference between the hours requested in the President's Budget, and the hours actually flown in FY's 1983-1985 is because actual pilot training rate (PTR) and the naval flight officer training (NFOTR) was lower than expected.

Question. Where were the excess funds spent?

Answer. The hours were flown by TACAIR/ASW and Fleet Air Support squadrons.

Question. Given the Navy's inability to execute the Fleet Air Training program as budgeted in recent years, how does the Navy expect to execute a program with increased flying hours in 1987?

Answer. Pilot training rate estimates for FY 1986 are on track. We expect to meet our goals. The student load reflected in the FY 1987 President's Budget is accurate.

STRATEGIC FORCES

Question. You identify on page 1-1-3 of your justification book a decrease in FY 1986 of $20,896,000 associated with FY 1985 execution adjustments. Please provide a detailed breakout of these adjustments by program and show FY 1987 was adjusted?

Answer. The execution adjustments in FY 1985 resulted from two primary factors—the contracting moratorium with General Dynamics and a reduction related to the backlog of work at Navy Industrial Fund activities. A detailed breakout of Navy adjustments, by program, for FY 1987 is as follows:

FY 1987

	Thousands
Trident Program:	
Mission Support	$6,765
Command and Mgmt (TRICCSMA)	520
Strategic Wpn Systems:	
Trident Wpn System	5,100
SSPO Administration	7,100
Total	19,485

Additionally, the $20,896,000 FY 1986 reduction includes a $2,100,000 reduction as an offsetting adjustment for a one time program increase of $2,100,000 applied in late FY 1985 to assist in identifying and solving Trident first stage booster motor failure problems.

Question. You request an increase in FY 1987 of $5,703,000 for TRICCSMA planning, design coordination. In your FY 1986 budget, you identified a decrease of $1,740,000 as a reduced requirement for TRICCSMA planning and design. Provide a funding profile from FY 1985 to 1987 of TRICCSMA planning and design and describe the requirements driving the funds in each year.

Answer. The funding profile for the Trident Command and Control System Maintenance Activity (TRICCSMA) Land Base Evaluation Facility (LBEF) relocation project is as follows:

Actual FY 1985	$4,058,000
Current estimate FY 1986	4,504,000
Request FY 1987	10,355,000

The requirements are driven by the Military Construction (MILCON) schedule and TRICCSMA's mission requirement to provide uninterrupted fleet support. Relocation of the labs has been planned to coincide with major Trident command and control modifications, production test of SSBN 736 and 737 systems and continued uninterrupted support of the fleet.

The FY 1986 budget did request a program reduction of $1,748,000 identified for planning and design review for the new TRICCSMA facility. This statement was in error. As one can be seen in paragraph III. B. TRICCSMA Mission Support (page 1-1-9 FY 1986 Budget), the requested reduction was in the area of actual Trident mission support effort. This is not a part of the LBEF relocation effort described above.

Question. You request a $6,789,000 increase in FY 1987 associated with deployment of 2 additional *Ohio* class submarines, 19 additional ship months and 7 additional retrofits. What was the programmed delivery schedule for the 2 new submarines and has that schedule changed?

Answer. Progammed delivery schedule, that is, transition from acquisition (SCN funding) to maintenance (O&M,N funding), for the 2 new Trident submarines:

Number	Ship	Previous estimate	Current estimate
732	Alaska	October 1986	September 1986
733	Nevada	June 1987	April 1987

Question. Has there been any change in operating requirements that will impact on your requested ship operating months?

Answer. The recent schedule change has caused Trident ship operating months (SOMs) in FY 1987 to increase by 2. (Previous estimate was 88 SOMs; current estimate is 90 SOMs.)

Question. What is the programmed retrofit schedule and has it changed?

Answer. The programmed refit schedule for FY 1987 is:

	FY 1987	
	previous	current
Refits	29	30

Question. If there are any schedule/operating changes, please provide the budgetary impact.

Answer. The cost of additional refit and ship operating months will be absorbed within available funding.

Question. You request $2,977,000 in increased manpower in the Trident program for more effective program execution. Please describe how this will improve program execution.

Answer. The Trident Command and Control System Maintenance Activity (TRICCSMA) is a government-owned/contractor operated facility. The increase of $2,977,000 for increased manpower in the Trident program is for both civilian and contract support.

Growth of approximately 33 contract work years provides support for: increased numbers of operational submarines, ship operating months, refits, associated mission related Life Cycle hardware and software maintenance requirements; the investigation and resolution of a corresponding increase in operational system problem reports; and the analysis of increased numbers of patrol data packages. The civilian increases provide for critical administrative and management positions directly responsible for TRICCSMA operations planning, scheduling, coordination, contract oversight and administration, and management control functions.

Question. How can you justify an increase for program execution, when in FY 1986 you made a significant reduction from appropriated amounts for "execution adjustments"?

Answer. FY 1986 estimates were reduced due to contract pricing adjustments based on competitive contract awards. Contract engineering/technical support for configuration management at TRICCSMA was scaled back as a result of decreased personnel costs associated with contract-to-civilian workyear conversions. The FY 1987 budget request provides increased support for additional submarines and their associated mission related life cycle hardware and software maintenance requirements as stated above. The FY 1987 request has been adjusted to reflect the FY 1986 price savings.

Question. The personnel summary for the Trident program shows a civilian end strength in FY 1986 of 83 and FY 1987 of 88. How do you justify $3 million manpower increase for 5 people?

Answer. Additional manpower purchased with the $2,977,000 is broken down as follows:

5 Civilian personnel
33 Contract engineering workyears

Question. You identify a $9,000,000 Inter-Appropriation transfer of navigation satellite system support from Weapons Procurement, Navy. Please give the page number in the WPN justification book that reflects the appropriate decrease.

Answer. The FY 1986 WPN Justification book details the FY 1986 program request and the FY 1987 planned program on page 8-2.

Question. In the Trident Mission Support program you requested $46,789,000 in FY 1987 associated with deployment of 2 additional *Ohio* submarines, and 19 additional ship-months. Fleet Ballistic Missile (FBM) ship operations identifies growth in FY 1987 of only one FBM ship and only 4 ship-months. Assuming that the FBM growth is a net increase of *Ohio* increases and other FBM decreases, please provide a list by type of FBM ship of inventory, ship years and steaming hours.

Answer. In the FY 1987 Trident Mission Support program, Navy requested a $6,789,000 increase, not $46,789,000. The FBM inventory by type of ship follows:

SHIP INVENTORY

Number and hull		Number and hull	
Poseidon SSBN			
616	Lafayette	634	Stonewall Jackson
617	Alexander Hamilton	635	Sam Rayburn
619	Andrew Jackson	636	Nathanael Greene
620	John Adams	640	Benjamin Franklin
622	James Monroe	641	Simon Bolivar
623	Nathan Hale	642	Kamehameha
624	Woodrow Wilson	643	George Bancroft
625	Henry Clay	644	Lewis & Clark
626	Daniel Webster	645	James K. Polk
627	James Madison	654	George C. Marshall
628	Tecumseh	655	Henry L. Stimson
629	Daniel Boone	656	George Washington Carver
630	John C. Calhoun	657	Francis Scott Key
631	Ulysses S. Grant	659	Mariano G. Vallejo
632	Von Steuben	659	Will Rogers
633	Casimir Pulaski		
Trident			
726	Ohio		
272	Michigan		
728	Florida		
729	Georgia		
730	Henry M. Jackson		
731	Alabama		
732	Alaska (FY 1987 Only)		
733	Nevada (FY 1987 Only)		

FBM steaming hours for FY 1986 and FY 1987 are as follows:

	FY 1986	FY 1987
Poseidon	128,398	128,398
Trident	8,453	10,097
Total	136,851	138,477

Question. Please identify where in the justification book there are reductions in support costs, similar to the Trident mission support costs, associated with the FBM ships being inactivated?

Answer. In the FY 1987 Trident mission support program, Navy requested a $6,789,000 increase, not $46,789,000. The Trident budget is based on a life cycle maintenance concept with continuous incremental overhauls during refit periods. The budget reflects that concept by using the number of ship operating months or refits as a budget basis. For FY 1986 to FY 1987, Trident Fleet Ballistic Missile (FBM) operating months increased by 19 and refits increased by 7. Offsetting reductions in mission support costs for the older *Poseidon* FBM ships are not reflected in the FY 1987 budget request. Due to the uncertainty of a final Strategic Arms Limitation Treaty (SALT) related decision concerning inactivation, or overhaul and continued operation of two *Poseidon* FBM ships, the budget is structured to support a decision for overhaul and continued operations.

Question. In your FY 1986 budget you requested $518,000 for initial on-load of fuel after overhaul for AS-33. In your FY 1987 budget you request $1,735,000 for the exact same requirement. Why are you requesting funds for the same requirement two years in a row? Why has the cost increased from $518,000 to $1,735,000?

Answer. AS-33 was originally scheduled for overhaul from 6/85 to 4/86. Due to operational considerations, the overhaul commenced 9/85 and is scheduled to be complete 10/86. This will require a fuel-load out in FY 1987 vice FY 1986. In part, the reduction in FBM Ship Operations displayed between the FY 1986 Budget Request and the FY 1986 Current Estimate reflects a reduction of $2,032,000 related to a decrease of 6 ships operating months and the inability to complete an initial fuel load out originally budgeted for AS-33 during FY 1986. The requested $1,735,00 in FY 1987 is based on both an October 1986 initial fuel load out and 11 months of fleet operations, not just the requirement for an intial fuel load.

Question. Based on your current schedules, do you still believe you will have the number of FBM ships available in FY 1987 for overhaul and SRA/TA as you have programmed?

Answer. There are six strategic force overhauls budgeted for FY 1987. Until a final decision is made on Strategic Arms Limitation Treaty (SALT) II compliance, we will continue to plan for the FY 1987 overhauls of all six ships. Two of these ships may not be overhauled if a decision is made to continue SALT II compliance. A decision is expected by the middle of May.

Question. Please provide for the record the planned induction date and completion date for each overhaul/SRA/TA and identify revised dates if applicable.

Answer. The induction dates for each overhaul and selected restricted availability/temporary availability (SRA/TA) funded in the FY 1987 budget request is provided below along with the most current schedule of induction dates.

Hull number	Name	Type of availability	Planned induction	Revised induction
SSBN 617	Alexander Hamilton	Overhaul	January 1987	November 1986
SSBN 620	John Adams	Overhaul	August 1987	June 1987
SSBN 623	Nathan Hale	Overhaul	June 1987	June 1987
SSBN 636	Nathaniel Green	Overhaul	November 1986	January 1987
SSBN 642	Kamehameha	Overhaul	October 1986	October 1986
AGDS 2	Point Loma	Overhaul	June 1987	June 1987
SSBN 616	LaFayette	SRA	May 1987	May 1987
SSBN 622	James Monroe	SRA	March 1987	March 1987
SSBN 627	James Madison	SRA	October 1986	October 1986
SSBN 632	Von Steuben	SRA	January 1987	January 1987
SSBN 633	Casmir Pulaski	SRA	September 1987	September 1987
AS 31	Hunley	SRA	February 1987	September 1987
As 32	Holland	SRA	June 1987	June 1987

Question. For those availabilities occuring in the fourth quarter, FY 1987, provide the cost and mission impacts of delaying their induction until the first quarter, FY 1988.

Answer. The fourth quarter starts in FY 1987 are AS 31, an SRA valued at $3,849.000 and SSBN 633 SRA valued at $7,991,000. The AS 31 SRA is scheduled for a 3 month duration. Strategic force submarine tender maintenance availabilities are scheduled very closely to ensure at least 3 of the 4 tenders are on station at all times. Since one tender is forward deployed at the submarine base at Holy Loch Scotland, a shaft to the first quarter of FY 1988 would require changing the maintenance and deployment schedules for all four tenders. The SSBN SRA is scheduled for a duration of 2 months. SSBN maintenance availabilities are closely tied to strategic patrol schedules, because of the limited number of SSBNs and strategic patrol objectives established by the National Command Authority. A delay of 2 months in the start of the SRA would require rescheduling numerous SSBN deployment and maintenance schedules. As with all maintenance changes, shifting either of those availabilities would affect the ship operations account by requiring additional operating funds.

BASE OPERATIONS/REAL PROPERTY MAINTENANCE—STRATEGIC FORCES

Question. Please explain how you were able to increase maintenance and repair funding in FY 1986 from the appropriated amount of $18,541,000 to the current estimate of $23,831,000, and yet increase, not decrease, your backlog of maintenance and repair BMAR by $632,000?

Answer. The increase in FY 1986 maintenance and repair funding is split between Kings Bay, GA and Bangor, WA. At Kings Bay, the funds were required to accomplish maintenance and repair of existing facilities as well as new building activations. We estimate there will be no backlog of maintenance and repair (BMAR) at Kings Bay at the end of FY 1986. A backlog has developed at Bangor as facilities age, and funds were increased to accomplish this backlog. The estimated FY 1986 BMAR for strategic forces of $1.6 million represents only 17% of the Navy total, and is subject to fluctuation as individual repair projects are accomplished. As noted in the FY 1986 submission, the BMAR estimate was under review. This review included a validation of the BMAR in light of actual field inspections of facilities and the results of that review have indicated a BMAR of $1.6 million is correct.

Question. You request $2,770,000 for maintenance support of new Trident MILCON projects at King's Bay. What were the occupancy dates programmed for those facilities and are they still on schedule?

Answer. The new Trident facilities at Kings Bay are coming on line on schedule. The facilities and their available for use dates (AUD) are as follows:

[illegible]	Square feet	AUD
BEQ	30,000	March 1987
CORE Bldg	8,200	March 1987
USMC Barracks	61,000	April 1987
USMC General Purpose	14,000	April 1987
Armory	500	April 1987
Hardened Garage	1,700	April 1987
Combat Gas facility	8,390	March 1987
Rep Fac PSAD	17,450	March 1987
Family svc center	5,900	March 1987
Courtroom	3,750	March 1987
Container Storage	92,000	August 1987
Trident Training Facility, [illegible]	152,900	April 1987

Subase	Square feet	Date
Trident Refit Facility		
Refit indust facility	130,700	May 1987
Refit ind admin bldg	63,800	January 1987
WF service facility	52,000	April 1987
COMSUBRON ops facility	8,000	September 1987
Controlled ind facility	21,300	September 1987
Refit warehouse	102,000	September 1987
Strategic Weapons Facility		
VMPB 1	25,000	February 1987
MIB-1	18,000	August 1987
MTF	11,000	April 1987
MAB-2	25,000	September 1987
WMMAG	47,000	February 1987

Question. You are estimating an increase of 2,245 communications instruments in FY 1987 (from 5,841 to 8,086). I assume communications instruments are telephones.

Answer. Communications instruments are primarily telephones. The performance criteria for FY 1985 and FY 1986 is understated due to the ommission of the Naval Ordnance Test Unit, Cape Canaveral, FL. The proper performance criteria is:

	FY1985	FY1986	1987
Number of Instruments	6,379	6,631	8,086

The growth from FY 1985 to FY 1986 and from FY 1986 to FY 1987 is primarily due to the completion of new facilities at Kings Bay, GA.

Question. How much is it costing you in FY 1986 to obtain these instruments and how much in FY 1987?

Answer. The cost to obtain these additional instruments is as follows:

FY 1986	$26,250
FY 1987	210,000

Question. Are you buying or leasing these communications instruments?

Answer. We are buying these instruments.

Question. If you are leasing, what are the lease costs and what would the estimated purchase price be?

Answer. The question is not applicable.

SEALIFT

Question. In FY 1986 the Navy added $8,793,000 in excess of appropriated amounts to Sealift Surge. What drove this funding increase?

Answer. Execution year ship delivery and operating schedule changes for the Near Term Prepositioning Force (NTPF) and the Maritime Prepositioning Squadrons (MPS) created a $16,393,000 asset which was not required to execute the Prepositioned Forces program. This was partially offset by an unprogrammed and unbudgeted increase of $7,600,000 required for funding of FY 1986 Lease Termination Liability. The remaining $8,793,000 has been applied to the support, upgrade and maintenance of the FY 1987 Ship Ready Reserve Force (RRF).

Question. You request $5,500,000 for hardware acquisition and site preparation and $997,000 for software development for the SEASTRAT system. What is your SEASTRAT hardware acquisition strategy—lease or buy, and what was the basis of your decision?

Answer. In accordance with Secretary of the Navy guidance on lease or buy, the Strategic Analysis System (SEASTRAT) aquisition strategy is to buy. This is based on an economic analysis which demonstrates that life cycle costs are lowest under a purchase arrangement.

Question. Please provide a detailed explanation of SEASTRAT to include a funding profile for FY 1985, 1986, and 1987, for all appropriations. Specify any management/readiness gains to be had.

Answer. SEASTRAT has been programmed to be funded only by Operation & Maintenance, Navy as follows:

FY 1985	$2,000,000
FY 1986	1,800,000
FY 1987	8,300,000

The increase of $5,500,000 in FY 1987 includes $2,100,000 which was improperly included in the Operation and Maintenance budget. These funds are designated for actual hardware procurement and should have been budgeted in the Other Procurement, Navy appropriation.

SEASTRAT will provide the Military Sealift Command (MSC) the ability to optimally identify, schedule and initiate outloading, transport and offloading of equipment in a global strategic sealift mobilization environment. SEASTRAT will replace the Stategic Sealift Contingency Planning (SEACOP) system for deliberate planning. It will automate various current manual planning activities and correct the strategic planning, logic, and operational deficiencies of the SEACOP design.

Question. Please provide the page number in your BA II justification that identifies the offsetting decrease for the $1,838,000 transfer for SEASTRAT.

Answer. The SEASTRAT transfer (less FY 1986 to FY 1987 price growth) is located on page 1-2-70 of Book 1 of 3, FY 1987 Operation & Maintenance, Navy.

Question. You request $2,493,000 to place the four remaining TAKR ships in ROS-4 status. What was the programmed schedule for the placement of these ships and are they still on schedule?

Answer. The planned and actual delivery of the four TAKR ships is as follows:

Ship	Planned delivery	Actual delivery
Regulus	Aug 8 1985	Aug 8 1985
Altair	Nov 27 1985	Nov 19 1985
Denebola	Oct 30 1985	Oct 7 1985
Pollux	Mar 31 1986	Mar 28 1986

Question. Describe the program to enhance sealift features on government owned/controlled merchant ships.

Answer. Commercial ships are configured for economical port-to-port operations on world trade routes. With the exception of a few National Defense Features (NDF) installed on Sealift Readiness Program (SRP) ships built with construction differential subsidy funds, these ships are not generally compatible with the environment of military operations, particularly amphibious operations. A number of features need to be installed on commercially configured ships to improve their military utility. The Sealift Enhancement Features program funds ship modifications and equipment installation on selected government-owned or controlled ships.

Question. Is the requested $1,453,000 to install equipment already purchased and what is the delivery date for that equipment?

Answer. The requested increase of $1,453,000 will fund the FY 1987 purchase and delivery of necessary incidental installation material. Also funded are actual ship modifications which will be performed at the time the ship is scheduled for an annual/biannual shipyard repair period or at the time of Ready Reserve Force (RRF) upgrade.

Question. Why do you require an additional $1,453,006 on top of the $4,055,000 increase provided in FY 1986?

Answer. The requested funds will support equipment installation and ship modifications required to support one additional Modular Alongside Refueling System, three Modular Underway Replenishment Delivery Systems, three Communications Upgrades, and three Nuclear, Biological and Chemical (NBC) Washdown Systems.

Question. Describe the reimbursable and maintenance cycle costs for prepositioned ships that are not covered by per diem days? Provide associated funding for FY 1985, 1986, and 1987?

Answer. Military Sealift Command (MSC) reimbursable costs fund the maintenance and repair of ancillary support equipment aboard preposition ships. Examples would include refrigeration vans, communications vans, and cargo handling equipment. "Maintenance" costs refer to costs, such as stevedore and port cargo handling, associated with the onload and offload of prepositioned equipment in conjunction with scheduled ship overhauls and other related ship repair efforts. The funding for this area is as follows:

FY 1985	$4,600,000
FY 1986	2,500,000
FY 1987	2,800,000

Question. Provide the page number in the BA 7 justification which identifies the offsetting $5,534,000 transfer for sealift support facilities.

Answer. The $5,534,000 transfer for sealift support facilities is located on page 70376 of Book 2 of 3, FY 1987 Operation & Maintenance, Navy.

Question. What caused the $16,393,000 decrease from FY 1986 appropriated amounts to the current estimate for Prepositioned Forces? How confident are you of your estimated costs for per diem days?

Answer. Three Maritime Preposition Ships (MPS) and one heavy lift ship were budgeted for delivery during FY 1986. Actual operations for these four ships has been reduced a total of 324 ship days. The TAVB, originally scheduled for continental United States

(CONUS) operations, has been placed in a Ready Reserve Force (RRF) type status. Additionally, two prepositioning ships were transferred to the National Defense Readiness Force (NDRF) a total of 93 days ahead of the budget schedule. The total variance which resulted from these execution adjustments amounts to 2.8 percent, both in terms of appropriated funds and budgeted charter ship days. There was no per diem day cost variance involved in FY 1986 budget execution. The FY 1987 Military Sealift Command (MSC) per diem day costs reflects stabilized industrial fund rates approved by the Office of the Secretary of Defense.

TACAIR/ASW AND FLEET AIR SUPPORT

Question. You request $1,153,000 for Individual Material Readiness List changes to transition USS *America* to the FA-18. Is this a net increase that takes into consideration reduced F-4/A-7 requirements? Please provide the increase/decreases that make up this net increase?

Answer. These funds are for support equipment (SE) peculiar to the F/A-18. A-7E peculiar equipment will be off-loaded and distributed to other A-7E activities. Equipment common to both aircraft types will be retained on board. The request is for F/A-18 peculiar equipment only.

The individual Material Readiness List (IMRL) "base" of recurring consumable SE requirements will essentially be unaffected by this change; i.e., recurring SE funding requirements of the A-7E will be replaced by recurring F/A-18 SE funding requirements.

Question. Why is it that when you substitute three MH-53E helicopters for a like number of RH-53E helicopters it costs an additional $322,000?

Answer. The MH-53E is a significantly different aircraft than the RH-53D. It costs more to operate because of higher hourly fuel consumption rates and maintenance costs. The MH-53E has three engines vice two, and a seven blade main rotor vice six on the RH-53D. The MH-53E has updated avionics and multi-mission and greater life capabilities than the RH-53D.

Question. What drives the increase of 1,574 flying hours for H-53, H-46, and H-3 helicopters?

Answer. The increase is driven by a requirement for increased levels of support to fleet units. The increase reflects actual FY 1985 execution and provides hours to support additional aircrews in those squadrons.

Question. What benefits will aircrews receive that they are currently not receiving?

Answer. Increased training opportunities, which will enhance the squadron's ability to perform their assigned mission more effectively and safely.

Question. How will this increase their average flying hours over FY 1986? Over FY 1980?

Answer. Flying hours for fleet air support squadrons are not tracked on a "average hours per crew" basis. The budget is based on a level of effort required to support fleet operations. Notwithstanding, aircrew training will increase slightly over FY 1986 and substantially over FY 1980 because there are more training opportunities available. More important is that fleet support operations will be sufficient to support the 600 ship Navy.

Question. Have you estimated the minimum average flying hours necessary to keep these pilots mission ready, comparable to a unit being in a C-1 readiness status?

Answer. There is a specific training syllabus for each weapon system. The number of hours required to complete a syllabus varies by type aircraft and is contingent on aircrew experience and aptitude. Pilot readiness is measured by the completion of specific events in a training syllabus as well as cyclic requalifications for night flying, carrier landings, etc. The readiness of a unit is based on the percentage of aircrews qualified in all aspects of the unit's mission. Therefore, pilot readiness and unit readiness are difficult to compare.

Normally, shorebased units are the first to be reduced when unscheduled fleet requirements increase. These reductions inhibit training and the readiness of aircrews when they begin their predeployment workup phase of training. Flight hour cuts also reduces the Navy's surge capability. The Navy plans to utilize a portion of the requested increase in flight hours for more shorebased unit training and thereby preclude training degradation. This action will improve operational readiness by having better qualified aircrews in our workup units which ultimately become our deployed units.

Question. Is the increase of 3,676 hours for the UC-12B aircraft solely for the additional aircraft or does it also allow higher average hours per aircraft? If so please identify growth for both areas.

Answer. The additional hours requested in FY 1987 provides for increasing transport requirements in support of day to day fleet operations, not solely for the additional seven aircraft. In fact, the average monthly utilization rate per aircraft decreases from 64.6 hours in FY 1985 to 60.1 in FY 1986 and 58.2 in FY 1987.

Question. For Fleet Air Support your FY 1987 request identifies no growth in average operating aircraft and a decrease in TAD per diem days, and yet you request total growth of 633 flying hours. Why are your requirements for new aircraft not being offset by less requirements for aircraft being phased out?

Answer. The number of aircraft in the Fleet Air Support inventory is only one factor used to determine our ability to perform the support mission. The requirement for flying hours is based on aircrew training needs and support to both deployed and shore-based forces.

Question. For TACAIR/ASW you request an additional $322,948,000 because of reductions in stock fund withdrawal credits associated with Aviation Depot Level Repairables (AVDLR). Please provide a discussion of the AVDLR program in all accounts beginning with the test program of providing stock fund withdrawal credits to the present status. What drives the $322,948,000 increase in FY 1987 resulting from a reduction in credits?

Answer. In 1985, the Navy expanded its test of stock funding depot level repairables (DLRs) to include aviation spares. The test program, which began by stock funding non-aviation DLRs in FY 1981, has demonstrated that improved material availability and readiness can be achieved using the stock fund as the financing mechanism. Starting in April 1985, stock fund customers began to pay for aviation depot level repairable material which was previously issued free to the user. Customer accounts, mainly the flying hour program in the Operations and Maintenance, Navy (O&M,N) appropriation and the aviation outfitting account in the Aircraft Procurement, Navy (APN) appropriation, have funds programmed in the year material is to be bought out from the Navy Stock Fund. Funds for the customer accounts were provided by a realignment from the O&M,N component rework account and the APN spares account. Additionally a portion of the required customer financing for the first two and one-half years in provided through the use of Navy Stock Fund Withdrawal Credits. Withdrawal credits, which were also used when stock funding non-aviation DLRs, are a mechanism to compensate for the cash increases which would otherwise accrue to the stock fund as capitalized aviation inventories are sold to the customer without an attendant cash requirement in the Navy Stock Fund. Authority to utilize such withdrawal credits in connection with the capitalization was included in the FY 1985 Authorization Bill. Withdrawal credits were planned to be mostly distributed in FY 1985 and FY 1986, with a residual amount being distributed in FY 1987. The budgeted Tactical Airfare/Anti-Submarine Warfare (TACAIR/ASW) withdrawal credits are: FY 1985—$0; FY 1986—$594,911,000; and FY 1987—$271,963,000. The decrease in FY 1987 reflects the planned end of the distribution of withdrawal credits.

COMBAT SUPPORT FORCES

Question. You request an increase of $4,781,000 to support LCAC operations in FY 1987. Please provide a track from FY 1985 to FY 1987 of the number of operational LCACs, ship months, and a breakout of funding requirements. What was the programmed delivery schedule of the 6 new LCACs and has that schedule slipped?

Answer. The first LCAC was accepted by the Navy in December 1984 (FY 1985) and operated through the remainder of the fiscal year. Five additional craft will be delivered in FY 1986 and 6 more in FY 1987. The total number of operating LCACs, ship months, and funding requirement is displayed below:

	FY 1985	FY 1986	FY 1987
Number Operating LCACs	1	6	12
Ship Months	9	32	114
Funding Requirement (thousands)	$2.231	$8,158	$12.939

The increase of $4,781 thousand in FY 1987 is required to support the 82 additional craft operating months in FY 1987. You may note that the cost per ship month decreases in FY 1987. This results from a reduction in the number of operating hours per craft, per month between FY 1986 and FY 1987. In the early stages of craft development, problems may be detected. Additional operating hours are required to ensure correction of the problem and proper operation of the craft.

Although LCAC deliveries have slipped since the conception of the program, the FY 1987 requirement was based on the following delivery schedule which is still valid:

LCAC Delivery Schedule

LCAC 1—December 1984 (Actual)
2—February 1986 (Actual)
3—May 1986
4—June 1986
5—August 1986
6—September 1986
7—November 1986
8—December 1986
9—February 1987
10—April 1987
11—June 1987
12—July 1987

Question. Provide for the record a description of the Marine Mammal Program including a funding profile for FY 1985, 1986 and 1987, by appropriation.

Answer. The Marine Mammal Program consists of training marine mammals and developing associated hardware to identify those naval operations wherein the utilization of marine mammals is possible, and to test the feasibility, determine the military worth, and establish the optimum characteristics of such utilization. The significance of this capability is that there is no man-made technology which can duplicate the known capabilities of certain species of marine mammals. At present, ———. The funding profile, by appropriation, is desplayed below:

	FY 1985	FY 1986	FY 1987
RDT&E,N	6,411	5,413	6,486
O&M,N	1,600	2,100	2,100
Total	8,011	7,513	8,586

Question. The number of overhauls of combat craft decreases by 25 percent from a total of 39 overhauls in FY 1986 down to 30 in FY 1987, and yet costs increase by $500 thousand. In almost every instance, the average cost of these overhauls in FY 1986 is identical to the cost you estimated in your FY 1986 request. Overhaul programs for other types of ships show cost decreases due to improved competition and other contract initiatives. Why don't we see those cost decreases here?

Answer. The primary reason for fewer craft being repaired at a higher total cost in FY 1987 is the difference in the mix of craft to be repaired in the two years. Craft of the same type which are being overhauled in both FY 1986 and FY 1987 are consistently priced. However, the FY 1987 repair schedule includes a sophisticated diving tender and a crane which are expensive work packages and have no comparable overhaul in FY 1985 or FY 1986.

Although the Navy does compete these craft, savings from competition on small craft such as combatant craft are negligible. Competition is more likely to lower the overhaul cost of larger ships than small craft.

FLEET OPERATIONS SUPPORT

Question. In FY 1986 you have increased funding for Undersea Surveillance by $15,000,000 above appropriated amounts. What was the reason for this increase and how does this impact on FY 1987?

Answer. At the time the FY 1986 President's Budget was prepared, timely delivery of T-AGOS 6, 7, 8, 9 and 10 was uncertain. As a result, the Navy did not request full funding for the operations of these ships in FY 1986. Since that time, T-AGOS 6, 7 and 8 have delivered and are operating according to schedule and T-AGOS 9 and 10 are expected to deliver on-time and to operate, as planned, in FY 1986. To fully support the vital undersea surveillance activities which T-AGOS ships provide the Navy, funding has been realigned into undersea surveillance. The increase for T-AGOS operations required in FY 1987 is based on the FY 1986 funding base included in the FY 1986 Current Estimate.

Question. FY 1987 funding for Undersea Surveillance decreases by $13,052,000, and yet your justification materials identify a $13,371,000 increase in T-AGOS undersea surveillance ship operating costs and there are no significant decreases to net out to the $13 million decrease. Please provide a track of increases/decreases which net out the $13 million decrease for Undersea Surveillance.

Answer. The $13 million decrease for Undersea Surveillance is the result of the following adjustments:

	Thousands
T-AGOS per diem rate adjustment (Included in "Industrial Fund Rates")	$23,111
T-AGOS 11 and 12 activation cost (FY 87 activations)	1,115
T-AGOS operations increase	13,371
T-AGOS activation costs (FY 86 activations)	4,197
FY 1986 SURTASS equipment purchases	230
Total adjustments	13,052

Question. You request $5,535,000 for Ocean Surveillance Information System (OSIS). Please provide a discussion of this program including a funding profile for FY 1985, 1986 and 1987 by funding requirement, e.g. hardware installation, software development, etc. What was the scheduled delivery date of OSIS hardware to be installed in FY 1987 and is delivery on schedule?

Answer. The Ocean Surveillance Information System (OSIS) Baseline Upgrade (OBU) is a shore-based, on-line, automated, near real-time, netted command and control system. The system receives, processes, and disseminates all-source ocean surveillance information on targets of interest above, under, and on the surface of the oceans. The funding profile is as follows:

	FY 85	FY 86	FY 87
NCSS Ashore (OSIS):			
Computer Software and Tech Services	$2,636	$3,914	$4,257
Hardware maintenance, on-site operations support	[illegible]	[illegible]	4,117
ILS documentation and Mgmt Tech services	1,974	2,498	[illegible]
Hardware installation, site prep planning and associated Mgmt Tech Services	1,131	[illegible]	5,416
Total	[illegible]	12,795	18,400

FY 1987 hardware deliveries are on schedule and dates are provided below:

Norfolk—September 1986
NMITC[1]—November 1986
Pearl Harbor—February 1987
Rota—May 1987
London—August 1987

[1] Navy Marine Intelligence Training Center, Norfolk

FLEET AIR TRAINING

Question. What has caused the funding decreases in Aircraft Operations in FY 1985 from your estimate of $416,578,000 to actuals of $400,404,000 and in FY 1986 from appropriated amounts of $600,937,000 to your current estimate of $571,673,000, especially considering that current FY 1986 hours are higher than those you requested in the FY 1986 budget?

Answer. The FY 1985 variance was due to a slight underexecution of 3.9 percent from the budgeted program. The FY 1986 variance reflects a revised student load adjusted for prior year experience coupled with a projected decrease in the average cost per flying hour based on FY 1985 actual costs and revised inflation indices. These lower costs are reflected in the FY 1987 request.

Question. What drives the growth in simulator hours programmed from 75,667 to 84,907?

Answer. Simulator growth is driven by an increase in the number of students in training in the Fleet Replacement Squadrons (FRS). In addition, the syllabus for new weapons systems such as FA-18, AV-8B, and SH-60B require more hours to be flown in the simulator in order to complete FRS training.

Question. Why do you require growth in both simulator hours and flying hours?

Answer. Each weapons system has a training syllabus which specifies events for both simulators and aircraft which must be accomplished in order to complete fleet readiness squadron (FRS) training. Therefore, an increase in the student load will drive increases for simulators and flying hours.

Question. Why do you require $2,094,000 in additional HH-46D flying hours to train enlisted aircrews? Is it possible to train these personnel utilizing means other than expensive flying hours?

Answer. The funds requested are to train HH-46D aircrew for highly specialized swimmer water entry and hoisting, vertical replenishment, and cargo loading which cannot be accomplished in conjunction with pilot training sorties and requires dedicated flight hours. No simulator or other training device exists by which this specialized training could be accomplished.

Question. Does not the MK III training replace some other type of training and should we not see a decrease to offset the increase of $3,050,000?

Answer. The LAMPS MK III was introduced into the fleet as an additional weapons system to support the six hundred ship Navy. It is not a replacement for another weapons system and no offset is available for this training.

Question. What drives the $845,000 in staff flying hours at the Strike Warfare Center?

Answer. Funds requested will provide 816 additional flight hours for instructors at the Naval Strike Warfare Center in the conduct of airwing training, in instructor proficiency, and in tactics development.

Question. The Navy has identified a requirement for 40 supersonic adversary aircraft. How was that requirement developed?

Answer. The Navy's approved Operational Requirement is for 48 vice 40 supersonic adversary aircraft and a requirement of about 21 thousand flying hours (supersonic adversary aircraft) in order to meet training requirements in air combat maneuvering (ACM) and defense air combat maneuvering (DACM) training for fleet aircrews. The number of aircraft required was based on a monthly utilization rate of 36 hours per aircraft per month.

Question. Provide a track for FY 1985, 1986, and 1987 for the number of adversary aircraft and flying hours, by type of aircraft.

Answer. The requested data is as follows:

Aircraft	Number	Hours
FY 1985:		
A-4	45	14,788
F-5	12	4,619
F-21	3	1,109
Total	60	20,516
FY 1986:		
A-4	45	19,186
F-5	12	5,040
F-21	12	5,472
Total	69	29,698
FY 1987:		
A-4	45	21,016
F-5	12	3,38[illegible]
F-21	12	5,47[illegible]
F-16	7	1,677
Total	76	31,520

Note: A-4 aircraft are not supersonic.

Question. What is the current status of all KFIR leases?

Answer. The Department is in the second year of a four year no-cost lease with the Government of Israel for the first twelve F-21 (KFIR) aircraft. The lease will expire in September 1988. The Department has requested approval to lease an additional thirteen KFIR aircraft, under a similar four year no-cost lease.

Question. What are the Navy's long term plans for adversary aircraft, and what are your milestones?

Answer. The Department continues to review our Operational Requirement. Navy A-4, F-5, and KFIR (F-21) aircraft replicate the existing Soviet fighter threat, but higher performance adversary aircraft such as the F-16N, are required to replicate the projected threat to the late 1980's and 1990's.

INITIAL GROUND SUPPORT EQUIPMENT (GSE)

Question. The Navy uses O&M funds in the "Fleet Air Support" activity group of General Purpose Forces (Budget Activity 2) to finance initial issues of aviation ground support equipment used for squadron and base level aircraft maintenance. This equipment is required to support modified systems of new or additional aircraft and systems. Frequently, this equipment is peculiar to a specific type, model, and series of aircraft rather than a common variety which can be used on various kinds of aircraft. This type of equipment may be more appropriately funded by Aircraft Procurement, Navy (APN) appropriations. Why are initial issues of ground support equipment, unique to specific aircraft, being financed through O&M appropriations instead of Aircraft Procurement, Navy (APN) appropriations?

Answer. The "initial issues" of support equipment budgeted for in Fleet Air Support are for consumable items used for squadron and intermediate level maintenance, not investment items.

The Individual Material Readiness List (IMRL) provides each aviation squadron and supporting Aviation Intermediate Maintenance Department the Aviation Support Equipment (ASE) necessary to support maintenance of its aircraft and mission. Each IMRL provides a specific listing of individual items of ASE (tools, test equipment, adapters, tie down chains, etc.) and the number or allowance of each item required. Although the list is designed for support of a peculiar aircraft type, it also contains equipment that may be used on more than one aircraft. The list is dynamic. The items of equipment and the allowance of each item change as aircraft modifications or changes in number of aircraft assigned occur, or as the required amount of a particular item is altered by collective experience.

The greatest share of IMRL equipment by far is financed with APN funds. The O&M funds in question are used to purchase lower cost Navy Stock Account items. These IMRL items vary in price from a maximum of five thousand dollars to less than one dollar each. Items that cost more than five thousand dollars are bought with procurement funds.

Question. What is the value of ground support equipment being financed by O&M appropriations in fiscal year 1987? Identify the specific line items, quantities, and cost of equipment being acquired and the type/model/series of aircraft each line item supports.

Answer. The FY 1987 column of the President's Budget includes $16.6 million for purchase of aviation support equipment. An average squadron Individual Material Readiness List (IMRL) contains between one and two hundred line items of aviation support equipment, and an Aviation Intermediate Maintenance Department (AIMD) IMRL contains over one thousand. Naming the specific line items, quantities and individual costs of equipment will involve a myriad of data and will require an extensive amount of time to collect and compile the information from the fleet.

Question. How much of the ground support equipment being financed is dedicated (peculiar) to a specific type/model/series of aircraft?

Answer. Each Individual Material Readiness List (IMRL) does contain equipment peculiar to a particular aircraft and equipment that can be used on multiple aircraft types; e.g., aircraft tow bars. However, given the large number of line items contained in each IMRL and the number of activities involved, a determination of the split between aircraft peculiar and multi-aircraft equipment will require an extensive amount of time to collect and compile the information from the fleet.

OTHER WARFARE SUPPORT

Question. In FY 1986 you requested $504,000 to purchase aerial tow targets. Is this an annual requirement? Why don't we see a decrease in FY 1987? Please provide a track for this program from FY 1985 to FY 1987.

Answer. The Hayes Targets purchased for $504,000 in FY 1986 are expendable and, therefore, are an annual requirement. Since these targets are an annual requirement, and an equivalent number of targets will be required in FY 1987, no decrease is reflected in FY 1987. The funding track from FY 1985 to FY 1987 is displayed below:

	FY 1985	FY 1986	FY 1987
Funding Requirement	0	504,000	524,000

No funding was required prior to FY 1986 because these targets were centrally procured by the Commander, Naval Air Systems Command and furnished to the fleets.

Question. In FY 1986 you requested increases of $1,034,000 for training support and $1,718,00 for analytical support. Not only do we not see any decreases for these FY 1986 programs. But there are further increases requested in FY 1987 of $632,000 for instructional systems development, and $682,000 for TACTS Training Systems. Why do we not see decreases in requested funding as programs phase down or out? We only see increases.

Answer. When programs phase-down or out they are included as reductions to the budget base, such as the decrease for the MATMOBEX exercise on page 1-2-54 of the budget. However, the programs cited in the question are all separate, on-going efforts which are relatively new programs in the phase of gearing-up vice down. For example, efforts to minimize the high cost of aircraft, weapons and flight hours and a requirement to provide a quantitative measure of pilot performance in various warfare specialties necessitates the installation of two new Tactical Aircrew Combat Training Systems (TACTS) ranges at Cherry Point, North Carolina and Charleston, South Carolina; the upgrading and expansion of the TACTS capabilities at Oceana, Virginia; the establishment of the Mid-Atlantic Electronic Warfare Range (MAEWR) at Cherry Point; and the establishment of a cooperative Navy/Air Force TACTS program near Key West, Florida. Since O&MN funds are required to support new TACTS ranges and the MAEWR, costs are not reducing, but will continue to increase until ranges are online and operational.

The growth in specialized analytical support ($1,718,000) for the Warfare Task Appraisal process is part of the Navy's effort to provide quantifiable, statistical bases for its programming and budgeting decisions. As such it represents a cost effective improvement to the process. Similarly, master plans for each warfare area are seen as essential blueprints for programming the phasing in of new systems and the phasing out of the old. The process of updating existing master plans and of adding new master plans for warfare tasks is expected to continue for the foreseeable future.

The same is true for the FY-86 increase of $1,034,000 for training support. These funds support the Tactical Training Groups (TACTRAGRUs) in the Atlantic and Pacific fleets. Specifically, they cover costs for facilities operations and maintenance, contractor support, and administrative support. The facilities will be used to provide training for senior command and staff personnel not previously available. This is an annual expense which is expected to continue for the foreseeable future.

Question. You request $2,734,000 to reduce the backlog in development of Naval Warfare Publications (NWP). Is there a backlog in development of NWPs or in the actual publications?

Answer. Currently, there is a backlog in both the development of new publications and the update/maintenance of existing NWPs. The NWP program has suffered slippages due to lack of funding. The requested increase funds new development and updates sufficient to start catching up.

Question. What is the backlog?

Answer. The backlog consists of updates, revisions, and maintenance of 73 publications (as of 14 April 1986) with weekly changes. In addition, the development of 9 new NWPs are required.

Question. Do you have a long term plan to eliminate the backlog and if so, provide the funding profile?

Answer. There is a long-term plan to eliminate the backlog. The plan includes the hiring of two more editors and processors. The FY-87 budgeted level includes funding for the additional personnel to preclude backlog growth. Due to the increasing development and maintenance requirements, funding is expected to be required at these levels for the foreseeable future.

Question. What benefits will the Navy receive from the 6 additional exercises to be performed in FY 1987 at a cost of $449,000? What is the total funding for exercises in FY 1985, 1986 and 1987?

Answer. The $449,000 increase for airlift requirements resulting from increased exercise participation does not refer to the increase in TIMS exercises displayed in the performance criteria as the question assumes. Instead, the increase provides for a minimum of 3 additional airlifts and ground transportation to support an addition of 5 fleet exercises. The majority of the increase is required to transport, load, and position equipment on ships participating in the additional exercises.

UNIFIED COMMANDS/FLEET COMMANDS AND STAFF

Question. Describe the requirement driving the $2,000,000 increase for the Joint Air Reconnaissance Command, including a funding profile for FY 1985, 1986 and 1987. What benefits will be derived from this funding and how will it improve readiness?

Answer. Commencing in 1981, exceptional increases in Caribbean RADAR surveillance/communication support was required of the Joint Air Reconnaissance Command (JARCC) by USCINCLANT and national tasking authorities. To meet this tasking effectively and on a continuing basis, new and more capable equipment was identified for installation through 1988. This equipment provides enhancements to the newly installed Forward Air Control Terminal System (FACTS) AN/FYK-17 (U) RADAR/communication integration system.

The expanded JARCC system will provide increased surveillance-related command, control and communication (C3) functions over a vastly larger area of the Caribbean by facilitating the exchange of real-time information in diverse areas such as early warning air defense, search and rescue, reconnaissance, and RADAR monitor/flight following. The planned upgrades will provide immediate response capability to Caribbean contingencies thereby reducing the necessity to commit additional forces (ships/aircraft). In addition to the National Military Command functions, the JARCC facility provides support to fleet air training of high performance aircraft, and flight safety information for control of special use airspace in the Key West, Florida area. The funding profile for JARCC is:

	FY 1985	FY 1986	FY 1987
Baseline funding	225,000	196,000	187,000
FY 87 increase	0		2,000,000
Total	225,000	196,000	2,187,000

Question. What type of support will be provided USCINCPAC with the increase of $496,000 you request?

Answer. The $496,000 increase for USCINCPAC will provide for enhancements to the Modern Aids to Planning (MAP) program ($250,000) and provide for required mission travel ($246,000). The MAP program is designed to determine the most effective use of modern analytical tools, computers, wargaming and other forms of analysis in support of the U.S. Pacific Command (USPACOM) planning process. The continued effort in FY 1987 is for two workyears and software support. The additional funding is for the development of an assessment system for the Pacific (details classified; will provided as requested) which has unique features to aide development of joint war plans, assessments, and analyses. The effort includes an examination of the overall joint planning process, the identification of where it can be improved and the determination of how existing and planned simulation and analysis capabilities can best be used.

Extensive travel is a requirement for successful mission accomplishment by USCINCPAC. USCINCPAC's location in Honolulu, Hawaii and their mission responsibilities for the Pacific area necessitate frequent mission-related travel. The requested increase satisfies some of the increased travel requirements for USCINCPAC based on expanding responsibilities frequent mission-related travel. These include: travel for the Joint Causalty Resolution Center which participates in the repatriation of United States war dead turned over by the Vietnamese government and other aspects of the resolution of the Prisoner of War/Missing in Action issue; travel for Psychological Operations, Special Operations Command Pacific (SOCPAC) and Combatting Terriorism Group (CTG), which has increased recently due to changing world events; and travel for increased participation by USCINCPAC in Joint Chiefs of Staff directed exercises.

Question. What drove the funding growth in FY 1985 from the $23,616,000 estimated in the FY 1986 budget to the actual amount of $25,321,000 and the growth in FY 1986 from the appropriated amount of $24,409,000 to current estimates of $25,827,000?

Answer. The funding growth in FY 1985 was primarily the result of growth in Joint Special Operations Command and Overseas Banking requirements. The dynamic nature of these programs makes formulation of accurate budget estimates difficult.

Obligations for the Overseas Banking program are based on the Navy's pro rata share of the total Department of Defense overseas banking expense. This requirement is estimated by the Office of the Secretary of Defense (Comptroller) (OSD(C)) for budget formulation purposes; however, the actual expense is based on the interest rates experienced during the year. Since the prediction of interest rates two years in advance is next to impossible, actual overseas banking expenses always vary from the budget estimate. Final banking bills are not received until after the close of the fiscal year. At this time, the Navy realigns funding to cover the bill received from (OSD(C)).

Funding requirements for the Joint Special Operations Command are also a "best estimate". However, real-world contingencies and increasing incidences of terrorism necessitate changes during execution. Further details are classified.

A portion of the funding growth in FY 1986 is also attributable to changing requirements for the Joint Special Operations Command. The remainder provides for upgrades to the Cruise Missile Theater Mission Planning Centers to shorten the time required to program guidance software in order to improve cruise missile response time.

Question. Why did you increase funding for staff Administration in FY 1985 from the $98,602,000 as estimated in the FY 1986 request to the actual amount of $113,574,000?

Answer. The increased funding in staff administration in FY 1985 is partially due to an unrealistically low estimate in the FY 1986 request.

Approximately $4 million of the increase is due to an error in the accounting system at one of the major fleets. The error has caused the budget base and prior year obligations for staff administration to be unrealistically low for several years. The error was discovered and corrected during FY 1985 execution. Therefore, obligations in FY 1985 are approximately $4 million greater than the budget base.

Every effort is being made to restore the budget base to the proper level.

The remainder of the increase is due to "must fund" staff administration requirements which could not be funded within the amount appropriated. The FY 1985 estimate in the FY 1986 request included a congressional reduction of $7 million. With the increasing size and complexity of the Navy, adequate resources must be provided for support. Staff administration provides the crucial ashore and afloat administrative and logistical support required by the operating units. Without this support the fleet cannot adequately perform its maritime mission.

Question. In FY 1984 over $20 million migrated into Staff Administration over appropriated amounts and now in FY 1985 we see almost $10 million migrating in. Are you deliberately underfunding administrative programs in the budget and then restoring the funds in execution?

Answer. The Navy is not deliberately underfunding administrative programs in the budget. Every year the Navy has attempted to adequately fund Fleet Commands and Staff, and every year the funding has been reduced below minimum levels required to satisfactorily support the fleet. In order to provide the minimum level of support required by the fleet, the Navy has realigned funding into the program from other areas.

Question. Why would it not be appropriate for the Committee to reduce $10 million from Staff Administration because you will be able to restore those funds from other surplus built into the budget?

Answer. A $10 million reduction could not be absorbed in Staff Administration without adversely affecting vital fleet support. The Navy has already, on its own initiative, reduced administration budgets to the minimum required. As a result, there is negative program growth between FY 1986 and FY 1987 in Staff Administration. A $10 million reduction would force the Navy to curtail vital fleet support at a time when the fleet is expanding in numbers and activity world-wide. Every operation unit—surface, submarine, and aviation—requires an administrative staff for operational control, command, and coordination purposes. These staffs would be inadequately manned, equipped, and operated if funding is reduced.

Although the Navy has been able to realign funding from lower priority programs in the past, the prior year baseline has been reduced to reflect required transfers; thus no surplus is available elsewhere in the budget.

Question. You requested $1,940,000 for civilian substitutions for military manpower, and yet your personnel summary shows an increase in the number of military personnel from FY 1986 to 1987. Why should the Committee fund this increase for civilian substitutions when, in fact, they are not substitutions, but they allow for a net increase of 192 military/civilian end strengths in headquarters staff?

Answer. The requested increase of $1,940,000 is for the civilian substitution initiative. The additional military manpower increases are for separate initiatives.

One of the objectives of civilian substitution in FY-87 is to achieve active military end strength savings by replacing shore intensive enlisted ratings with civilians. These ratings are primarily administrative and clerical in areas such as supply support, personnel support, and maintenance administration. None involve afloat units or deploying staffs.

The offsetting increase to military strength is primarily due to officer growth on operational staffs such as Carrier Air Wings. Based on recently validated Squadron Manpower Documents (SQMD), additional officers are required to fill airwing staff positions previously manned by squadron personnel on temporary duty. The direct connection between readiness and manpower necessitates increases in both squadron and airwing staff manpower to attain necessary operational readiness.

Military growth is also programmed for fleet submarine staffs reflecting additional watchstanders to man operational control centers. These personnel are required to avoid submerged interference and ensure continued safety. Additionally, a Mobile Mine Assembly Group detachment at Souda Bay, Crete is established in FY-87 to support prepositioned NATO defense stockpiles.

BASE OPERATIONS—GENERAL PURPOSE FORCES

Question. What goods/services are being purchased with the increase of $7,348,000 for strategic homeporting initiatives? Please break out by port.

Answer. The increased funding for Strategic Homeporting initiatives is primarily for engineering studies, environmental studies and master planning. The breakout by port is as follows and reflects funding as dollars in thousands:

San Francisco ($2,500)—Funding is required for engineering, master plan and environment surveys for Treasure Island. It includes planning document development, and facility record updates.

PACNORTHWEST ($2,500)—Funding is required for engineering, master plan and environment surveys for Everett and Astoria. It includes planning document development and facility record development.

Hunters Point ($1,100)—Funding is required for base Mapping Utility technical studies. It includes planning document development and facility record development.

Long Beach ($500)—Funding is required for Master Plan update. Utility technical studies and associated engineering studies.

Pearl Harbor ($500)—Funding is required for Master Plan update, Utility technical studies and associated engineering studies.

Staten Island ($248)—Funding is required for base services in conjunction with transfer of FT Wadsworth from the Army to the Navy.

Question. In FY 1986 you requested an increase of almost $6 million for physical security and now in FY 1987 you request an additional $16,564,000. Provide total funding for this program for FY 1985, 1986, and 1987.

Answer. Total funding for this program (all Budget Activities) is:

FY 1985	$9,137,000
FY 1986	17,688,000
FY 1987	35,444,000

Question. Do you have a Navy-wide plan for security improvements and what is the program for the outyears?

Answer. Yes, there is a Navy-wide plan for physical security. The program for the outyears is under review and will be adjusted as necessary to meet the changing threat. This review is being conducted by trained physical security specialists who are assessing physical security at naval facilities worldwide.

Question. In FY 1986 you requested an increase of $2,903,000 for Kenya, Somalia and Oman facility operations, and now in FY 1987 you request an additional $3,123,000. Why are these funds required? What is the total funding for FY 1985, 1986, and 1987?

Answer. Funds for Kenya, Somalia and Oman are for the rediness of Oman military facilities maintained for Department of Defense use during peacetime and contingency. Funds budgeted for this are as follows:

FY 1985	0
FY 1986	$2,903,000
FY 1987	6,026,000

Question. Explain the requirement for the $3,983,000 growth for Sasebo Expansion support?

Answer. Expansion of COMFLEACT Sasebo includes 292 additional family housing units to be built under the Government of Japan Facility Improvement Program. By the end of FY 1986, more than 2,500 military members and their dependents will be stationed at Sasebo compared to less than 500 in FY 1983. Other waterfront facilities, such as an electrical distribution system and a steam plant, are scheduled for completion during this same time frame. The number of ships homeported in Sasebo has also increased.

Question. You requested growth in FY 1986 for service craft overhauls and now in FY 1987 you request $1,234,000 for an increase in service craft maintenance. Provide a track of service craft maintenance and repair for FY 1985, 1986 and 1987 to include number of projects by type of project and funding.

Answer. General Purpose Forces service craft maintenance and overhaul involves over 300 craft ranging from floating cranes to tugs to waste oil barges. Maintenance and overhaul of these service craft is not budgeted on a project or hull number basis, but as one of the many base operations support functions required to provide a full range of port services to ships in port. Service craft maintenance is funded as part of Installation Equipment Maintenance, and the funding track for the installation equipment maintenance account is as follows:

FY 1985	$88,324,000
FY 1986	89,476,000
FY 1987	91,083,000

AIR-LAUNCHED WEAPONS REWORK

Question. Does the real decline in funding for Air-Launched Weapons Rework reflect a lessening of requirements or a funding constraint?

Answer. The decline in funding for Air-Launched Weapons Rework is due to funding contraints in FY 1987. Between FY 1986 and 1987, the funding level decreased by $15.8 million from $122.8 million in FY 1986 to $107.0 million in FY 1987. Although the funding level decreased, the FY 1987 total requirement of $171.3 million increased by $27.3 million over the FY 1986 total requirement of $144.0 million. Of the $27.3 million, $22.5 million represents the executable backlog and $4.8 million represents the unexecutable piece of the total backlog. The increased requirement can be attributed to inventory growth and the increased quantity of modification installations required.

Question. In FY 1986 you increased funding for Air-Launched Missile Rework by $21 million above the appropriated amount. What new requirements drove this increased funding or was it an attempt to eliminate the executable backlog you identified in your FY 1986 request?

Answer. In FY 1986 the increased funding of $21 million was for the total Air-Launched Weapons Rework activity group instead of just the Air-Launched Missile Rework line. Air-Launched Missile Rework received $5.2 million of this increase, which eliminated a portion of the backlog identified in the FY 1986 request. The balance of the funding increase ($15.9 million) was for unexpendable ordnance material (4Z Cog rework items) which was transferred from the Aircraft Depot Maintenance Rework program to Air-Launched Ordnance/Ammunition in mid FY 1985. FY 1986 represents the first full year of execution for this program. The funding increase for 4Z Cog material will eliminate the previously stated backlog and cover increased requirements generated during budget execution.

Question. In previous budget requests, your justification books identified under performance criteria, total rework requirements, funding, backlog and executable backlog for each fiscal year. Why are you no longer providing this information in the justification material? Are you trying to hide something?

Answer. No, we are not trying to hide anything. The executable piece of the total backlog had not been determined at the time we had to go to print in order to meet the Office of the Secretary of Defense prescribed submission date.

Question. For the record, provide the summary identified above for FY 1985, FY 1986 and FY 1987.

Answer. The requested data is as follows:

[illegible]

	FY 1985	FY 1986	FY 1987
Total Requirement	[illegible]	[illegible]	[illegible]
Total Funding	[illegible]	[illegible]	[illegible]
Total Backlog	[illegible]	[illegible]	[illegible]
Total Executable Backlog	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]

SUBSIDITY FOR UNDERUTILIZED PLANT CAPACITY

Question. The Navy is requesting nearly $101 million for fiscal year 1987 to provide a subsidy to naval weapons stations which allows then to maintain excess plant capacity that could be used in event of war. The current workload at these facilities does not provide enough revenue to cover the operating expenses they are incurring to maintain 85 percent of maximum capacity. Without the subsidy, the facilities would either need to increase the stabilized labor rates charged to their customers to maintain this capability, or reduce their operating expenses. Other Navy industrial-type activities, such as shipyards and aircraft rework facilities do not receive a similar subsidy and, in earlier years, had to adjust their stabilized labor rates to reflect the profits or losses they generated. Moreover, some activities, such as shipyards have been reducing employment and limiting the use of overtime as their workloads have been decreasing. What is the justification for subsidizing naval weapon stations and maintaining a capacity which is excess to current workload requirements when other industrial activities, such as shipyards, have been reducing the number of employees and limiting the amount of overtime work authorized, as their workloads have decreased?

Answer. The Naval Weapons Stations occupy expansive areas of real estate and have extensive facilities for the safe storage, handling, production and maintenance of munitions. Although the facilities are all active during peacetime, the level of utilization is considerably below wartime requirements. For example, the waterfront facilities provide for the simultaneous berthing, loading and other servicing of multiple ships but peacetime requirements for the concurrent use of all the facilities occur infrequently. However, the overhead costs of operating and maintaining these facilities is semifixed and is fairly independent of the level of use. Consequently, when the workload and associated employment is reduced the overhead rates go up. Underutilized plant capacity funding offsets a part of the total overhead so as to stabilize work unit costs. These funds do not support facilities for which there is no future need, or idle manpower.

Department of Defense (DOD) and Navy policy state that costs applicable to underutilized capacity at Navy Industrial Fund (NIF) activities shall be budgeted and funded from appropriated funds as a mobilization preparedness/reserve item by the managing DOD component. Further, such costs should not be recovered through the overhead rate of the NIF activity.

A Government Accounting Office (GAO) letter report of 21 March 1974 to the Secretary of Defense concerning this issue concludes that separately maintaining mobilization readiness would improve Congress's and DOD's visibility for such costs and would also prevent the programs of industrial fund customers from being charged for costs not related to supporting those programs. GAO reemphasized the need to implement DOD Directive 7410.4.

To retain the ordnance facilities in an active status and sustain them in a ready for mobilization position results in fixed costs which must be paid by the government, either by separate funding or by application as activity overhead to customer programs. Separate funding of underutilized plant capacity costs is critical to effective support of the Navy ammunition facilities and programs.

In short, the ordnance station underutilized plant capacity subsidy provides funding to offset overhead costs related to the maintenance of ammunition mobilization logistic support base facilities. These funds do not support employees or overtime work costs.

Question. What costs are subsidized with this $101 million? Please provide a breakout by cost element for FY 1985, 1986 and 1987?

Answer. The intent of underutilized plant capacity (UPC) funding is to subsidize expenses related to plant and facilities maintained for mobilization. It is very rare, however, for these facilities to be entirely utilized for mobilization purposes. The accounting practice is therefore to apply UPC funding as a lump-sum subsidy to total productive expense of each station. This reduces the stabilized rate by the amount of the subsidy, thereby relieving current customers of the expense of maintaining mobilization readiness requirements.

Question. What would be the impact if the subsidy was removed and the Navy was told to absorb the cost in the Navy Industrial Fund?

Answer. Office of the Secretary of Defense (OSD) policy provides for Industrial Funds to return net profits and recoup net losses from their present operation and maintainance account in the current budget year. Accordingly, if the $101 million is not appropriated, and the remaining costs are as budgeted, the Navy Industrial Fund would end FY 1987 with a net loss of $101 million. In accordance with OSD policy we would then have to increase costs and customers rates to maintain a budgeted zero profit/loss position. This would result in a reduction in the budgeted Operation and Maintenance, Navy (O&M,N) FY 1987 program to pay these increased costs.

Question. What would be the impact if the subsidy was removed and the Navy was directed to operate the yard at levels dictated by available workload?

Answer. As indicated previously, the ordnance activities are being operated at the levels dictated by their workload. The underutilized plant capacity funds offset overhead costs that otherwise would be passed to customers in the rates. The option of not maintaining mobilization equipment is not viable since all facilities partically support both mobilization and peacetime needs. Accordingly, if the underutilized plant capacity funds were removed we would have to raise the stabilized rate to cover current fixed costs or, over time, reduce the size of the plant to levels below mobilization requirements. In the short term, this option would increase costs because we could not phase out all the "extra" facilities in the current year would continue to pay overhead costs. Additionally there would be costs associated with relocating product lines and demolition of excess buildings due to the consolidation. In the long terms, we couldn't maintain adequate numbers of weapons to defeat the foe.

OTHER AVIATION SYSTEMS MAINTENANCE

Question. Requested funding for Other Aviation Systems Maintenance is reduced by $75 million in FY 1987. Your justification identified the types of items for which funding is reduced, but fails to identify if the reduction is due to a lessening of requirements, or funding constraints?

Answer. Of the $75 million decrease in FY 1987, $49 thousand is associated with the maintenance of aircraft cameras due to a reduction in requirements and $2,275 thousand is for one-time FY 1986 repairs and conversions of targets under the Target Maintenance line. The remaining $73 million decrease is due to funding and execution capacity constraints.

Question. This is another case where you have eliminated from your justification material the summary which provides the requirement, associated funding, backlog and executable backlog. Please provide this information for FY 1985, 1986 and 1987?

Answer. The requirements, associated funding, total and executable backlogs for FY 1985, 1986 and 1987 are as follows ($ in thousands):

	FY 1985	FY 1986	FY 1987
Total Requirements	$250,579	$317,452	$341,720
Total Funding	238,579	294,152	218,920
Total Backlog	12,000	23,300	122,800
Total Executable Backlog	0	0	0

Question. What drove the increase of $25 million above appropriated amounts in FY 1986?

Answer. The $25 million net increase is a combination of a functional transfer of $4.8 million from the Other Aviation Systems Maintenance line to the Integrated Logistics Support (ILS) Management of Support Equipment line to support calibration requirement analyses, an increase of $32.6 million to reduce the depot maintenance backlog for various other equipment/weapon systems and a decrease of $2.7 million associated with efficiency efforts. The details of the net increase of $25 million in the other Aviation Systems Maintenance line are provided in the following budget track:

Budget Track—Other Aviation Systems Maintenance

[In thousands of dollars]

	Amount
Reconciliation of FY 1986 to Appropriated to FY 1986 Current Estimate:	
FY 1986 Appropriation	$269,041
Functional Transfers	1,810
Intra-Appropriation Transfer	(-4,810)

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Budget Track—Other Aviation Systems Maintenance—Continued

[In thousands of dollars]

	Amount
Transfer to ILS Management of SE to provide for utilization of Measurement Equipment Automated System for Uniform Reporting and Evaluation (MEASURE) data to analyze calibration requirements and standards which more accurately aligns non-depot maintenance functions to the correct decision unit.	
Other Increases	32,623
Programmatic Increases	(32,623)
Adjustment to Calibration program to eliminate backlog	9,044
Adjustment to SE Rework Program to eliminate backlog	8,800
Adjustment to Meteorological Support program to eliminate backlog	200
Adjustment to Airborne Mines Counter-measures program to eliminate backlog	2,079
Adjustment to Tactical Systems Software program to eliminate backlog	12,300
Adjustment to Target Maintenance program to eliminate backlog	200
Other Decreases	−2,702
Review of unliquidation obligations	(−2,702)
FY 1986 Current Estimate	294,152

AIRCRAFT STANDARD DEPOT LEVEL MAINTENANCE

Question. The average unit cost for aircraft undergoing Standard Depot Level Maintenance (SDLM) has increased sharply from fiscal year 1983 through the fiscal year 1987 budget, while at the same time, the number of airframes to be reworked has declined. Moreover, from fiscal year 1983 through 1985, actual airframes reworked have fallen below budgeted levels. SDLM/Modifications unit costs have also risen sharply, while the actual units reworked have fallen below the levels for which funds were requested in budget submissions.

	SDLM				SDLM Modifications			
	Airframes		Unit cost		Units		Unit cost	
	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual
FY 1983	854	573	$268,317	$[illegible]41,942	154	143	$228,273	$353,804
FY 1984	862	770	279,427	297,949	155	121	643,142	534,231
FY 1985	681	677	384,106	471,638	217	136	686,627	834,581
FY 1986	517	[1] 504	482,661	[1] 493,688	186	[1] 171	808,312	[1] 835,421
FY 1987	475		509,479		202		850,738	

[1] Reflects Revised FY 1986 Estimates.

Why have average unit costs for aircraft rework (both SDLM and SDLM/Modifications) risen sharply from fiscal year 1983 to the present?

Answer. The growth in the Navy Industrial Fund (NIF) SDLM unit cost is due to rate escalation, work content, and product mix fluctuations. From FY 1983 to FY 1986, the average unit cost increased by $302,500. Of this amount, $139,356 resulted from work content growth, $147,032 resulted from rate escalation growth, and the remaining balance of $16,112 resulted from minor product mix changes. As an example, rate stabilization guidance provided by the Office of the Secretary of Defense directed rate growth of 13.2% in FY 1984, 29.7% in FY 1985, and 8.9% in FY 1986. This equates to a cumulative growth of 59.9% or $147,032 over the FY 1983 base. Work content growth is primarily attributed to the age of the aircraft inventory. Examples of significant work content growth on some aircraft are: F-14A rework hours increased from 14,604 in FY 1983 to 18,424 in FY 1986; CH-53A rework hours increased form 5,120 in FY 1983 to 8,406 in FY 1986; E-2C rework hours increased from 11,822 in FY 1983 to 12,895 in FY 1986; and the TA-4J rework hours increased from 2,667 in FY 1983 to 4,145 in FY 1986.

The growth in commercial SDLM unit cost is attributable to inflation, actual contract costs, and product mix fluctuations. In addition, the FY 1986 commercial unit costs reflect increases associated with Aviation Depot Level Repairable (AVDLR) material. From FY 1983 to FY 1986, the average unit cost increased by $133,705. Inflation guidance of approximately 4.3% per year produces a cumulative growth of 13.5% over the FY 83 base. This accounted for $33,740 of the increase in the average unit cost. The addition of AVDLR material costs increased the average unit cost by another $34,905. The remaining increase of $65,060 is attributable to the actual contract cost after inflation and the effect of product mix changes.

The analysis of NIF SDLM/Modification unit cost growth reflects an increase of $481,617 between the FY 1983 average unit cost of $353,804 and the FY 1986 average unit cost of $835,421. This increase is attributable to work content and price escalation growth. Increased work content growth accounts for $198,836 of the unit cost increase. Cumulative inflation factors account for $282,781 of the unit price growth over the FY 1983 base.

In summary, the average unit cost increases are due to inflation, the inclusion of AVDLR costs for commercial SDLM for the first time starting in FY 1985, work content growth, and product unit changes. A factor contributing to the apparent work content growth is the Aircraft Service Period Adjustment (ASPA) Inspection program. While this program results in deferral of many SDLMs, it does mean that those aircraft actually inducted for rework are in poorer condition than the average of all aircraft due for maintenance. Finally, it should be noted that the FY 1987 budget reflects modest increases in unit costs over levels being experienced in FY 1986.

Question. Why has the Navy been unable to rework the number of aircraft for which it requested funds in budget submissions for fiscal years 1983 through 1985?

Answer. The Navy's aircraft rework requirements estimates are based on aircraft period end dates, projected flying hours, and the total projected inventory. From the time that the requirement estimates are first made (3 years in advance of actual rework) changes in flying hours, inventory mix, emergent requirements and funding levels (including changes resulting from Congressional reductions) often necessitate a change in the units and mix of the actual aircraft which are inducted for rework during the execution year.

This area is obviously of high concern to the Navy. This concern has led to significant efforts to improve controllable factors such as a higher degree of correlation between the flying hour program used to project aircraft rework requirements, and the flying hour program actually flown. (Of course, there may always be variations in the actual execution of the flying hour program for such events as the Mediterranean operations this spring.) These efforts have resulted in continuous improvement in the portion of the reworks accomplished, as shown below:

	SDLM plan SDLM Mix		
	Budgeted	Actual	Percent
FY 1983	1,008	716	71.3
FY 1984	1,017	891	87.6
FY 1985	858	758	88.3
FY 1986	723	675	93.4

Also note that the FY 1987 budget again reflects a decrease in the number of units budgeted, to 677.

Question. Why have actual unit costs generally exceeded budgeted unit costs each year from fiscal year 1983 through 1986?

Answer. Emergent operational priorities have caused an increase to program level "average" unit costs as illustrated by the following:

a. *Cost with no units.*—Emergency repair receives funding priority because it has a direct impact on fleet readiness and provides operational aircraft for less than rework costs. For example, actual emergency repair expenditures will exceed initial budgeted amounts by $45.7 million during the FY 1983–FY 1986 period. Full funding of this high priority, cost-effective program increases average unit costs because it increases total aircraft rework costs but does not add standard depot level maintenance (SDLM) units in the budget.

b. *Adjustments for Operational Priorities.*—The budget reflects aircraft SDLM requirements based on projected fleet requirements and flying hours using the best available data at the time of the budget submission. However, during execution, rework funds may have to be rebalanced to support current operational necessities, which may have changed from the estimate developed two years earlier. Aircraft given priority for their mission essentiality generally cost more than others. These include the A-6, A-7, C-130, E-2C, F-14, and Presidential helicopters. Also, specific aircraft receive priority because their small inventories and advance age restrict the fleet's flexibility for managing around rework requirements. These also tend to be high cost aircraft such as the A-3, RF-4B and T-39.

The factors as discussed above are the primary reasons actual unit costs exceeded budgeted unit costs during the period FY 1983 to FY 1985.

Question. Please provide budgeted and actual direct labor hours for SDLM/Modification for each type, model, and series of aircraft for fiscal years 1983 through 1985. Provide budgeted and revised labor hours for fiscal year 1986, and the budgeted hours for each type, model and series for fiscal year 1987.

Answer. Attachment (1) provides the data requested.

[CLERK'S NOTE.—Because of its size, this report will not be printed, but will be held in committee files.]

Question. How does the Navy expect to accomplish the level of depot aircraft maintenance in fiscal year 1987 when maintenance performed in prior years has not equalled budgeted levels?

Answer. During fiscal year 1984 the Navy established the Aircraft Service Period Adjustment (ASPA) Program. The program requires that aircraft which have reached their period end date be inspected prior to induction for standard depot level maintenance (SDLM) rework. Only those aircraft which are unable to pass the inspection are scheduled for induction. Those that do pass remain in an operating status for an additional 12 months; after which, they are again inspected. The historical data collected over the past 3 years is providing a more accurate base for predicting the maintenance requirement of each type model series of aircraft. This new method of producing aircraft rework requirements provides greater confidence in the validity of the requirement. In summary, the FY 1987 request reflects the best projection of requirements and industrial capacity available to accomplish that workload.

NAVY AIRCRAFT DEPOT ENGINE MAINTENANCE

Question. The Navy's fiscal year 1987 budget requests $331.9 million to overhaul and repair over 2,600 aircraft engines. This quantity of engines is close to the number of engines maintained in fiscal year 1983, but at a cost $149.6 million greater. The average unit cost for engine overhaul has increased 82 percent from fiscal year 1983 to 1987 (from $61,792 per unit to $112,221), while the average unit cost for engine repair has increased by 74 percent ($81,960 to $142,660). Why have engine overhaul and repair unit costs risen sharly since fiscal year 1983?

Answer. There are a number of factor contributing to the increase in average engine overhaul and repair costs between fiscal year 1983 and fiscal year 1987.

The application of Navy Industrial Fund (NIF) rate escalation to the fiscal year 1983 pricing base, provided in Office of the Secretary of Defense directed guidance, results in a cumulative growth of approximately 46% to the fiscal year 1983 program. Pricing the fiscal year 1983 program in terms of fiscal year 1987 dollars results in a total requirement of $266.1 million. Comparing this result to the fiscal year 1987 budget request of $331.9 million, produces a difference of $65.8 million. This is significantly less than the difference of $149.6 million found when pricing escalation is not considered.

In addition, there are other changes in program requirements involved in increasing the average unit cost of engine rework. These changes are related to both the advancing age of certain engines and the arrival of other newer high technology engines supporting the Navy's first line combat aircraft. As an example of the former, the low cycle fatigue program for the J-52 engine has increased labor and material costs for this engine by approximately $48 million over the fiscal year 1983 level. This program is necessary because this engine is being flown well beyond its original service life. In the latter case, the F404GE4000 engine modules for the F/A-18 aircraft, represent an increase in requirements over the FY 1983 program of 551 units and approximately $40 million. The unit requirement increase is offset, with respect to fiscal year 1983, by reductions in various older engines having a lower average unit cost. Therefore, the arrival of this high technology engine as a major requirement in fiscal year 1987 contributes to the overall increase in the average unit cost for the engine program.

Finally, in compliance with the Engine Analytical Maintenance Program (EAMP) and Reliability Centered Maintenance (RCM) philosophies, the trend in engine maintenance is to accomplish repairs/overhauls at the lowest possible level. Therefore, in an increased number of cases the engines being returned to the depot for maintenance have sustained severe damage or experienced serious failures beyond the capability of lower level maintenance. The typical engine returned for depot maintenance is in far worse condition than has previously been the case.

In summary, the four year unit cost growth is the result of rate guidance (NIF and Commercial), labor and material drivers for specific engine rework programs, and the general worse condition of engines being returned to the depot for rework.

Question. The actual number of engines overhauled has fallen short of the levels justified in budget requests for fiscal years 1983 and 1985. The Navy repaired fewer engines than budgeted in fiscal years 1983 and 1985, but repaired more in 1984. Why has the Navy generally been unable to overhaul and repair the number of engines for which it requested funds for fiscal years 1983 through 1985?

Answer. We try to forecast the following, at least two years in advance:

How many engines/modules of each type model series (TMS) will break?

How many will be beyond intermediate maintenance activity (IMA) capability and migrate to the depots?

How much repair will they require?

The actual fiscal requirement after the fact is the aggregate of all the above factors. Variances between original forecast and actual requirement represent the difference between the budget forecast using the best information available at the time of the budget submission and what really occurred two years later.

The depot engine maintenance requirements are very dynamic. Changes in actual flying hours vs. planned, IMA capability and capacity, maintenance philosophy, supply support, engine material condition and configuration influence unit requirements. Small unit increases/decreases for a particular TMS are usually balanced by unit or subprogram changes for another TMS. Some non-add units such as special repairs are not included in budget displays.

The Navy has made improvements in forecasting procedures through better use of automated data processing resources, better documentation of failure data and improved communication between Navy activities regarding maintenance forecasts.

When funding constraints become a factor, the Navy repairs what best supports the fleet within the funding levels provided. The total engine unit output is reduced when the fleet opts to repair fewer, more strategically significant (and more expensive) engines in lieu of a higher number of less strategically significant engines. Although the Navy may not have repaired the exact number of units originally projected, actual repairs represent the best efforts to get the fleet precisely what was needed to maximize readiness. Unforeseen operations such as recently experienced in the Mediterranean are quickly reflected in requirements.

Reduced overhaul units reflects gradual phase-out of older engines. This trend has been incorporated into current budget submissions. Overhauls comprised only 5% of the funding requirements in the FY 1987 column of the FY 1987 Congressional budget compared to 11% in the FY 1983 column of the FY 1985 Congressional.

Question. Engine hours, which are key factors in determining depot level maintenance requirements, and which are contained in aircraft depot maintenance budget exhibits, do not match the hours shown in budget exhibits associated with the flying hour program. For example:

Engine hours based on flying hour program		Engine hours based on depot maintenance program	
Engine	Program	Aircraft	Program
TF-41A	A-7	121,440	118,721
T56A-14	P-3	[1] 861,716	875,596
J52-P8	A-6/A-4	240,976	233,766
J52-P6	A-4	120,217	122,549
TF30-P414	F-14	254,342	256,934
T58-GE10	H-46/H-3	206,056	203,690
TF34-GE400	S-3	139,957	136,856
T58-GE8	H-2/H-3	144,167	167,014

[1] To conserve fuel, P-3s use two engines (versus 4) for flight loiter. Therefore, this figure is overstated since it assumes 4 engines operate all the time.

How can depot level maintenance requirements be considered valid when there are discrepancies between the flying hours used for depot engine maintenance and flying hour program?

Answer. The flying hour program is revised three times each year, in October, February and June based on the latest planning data. The Depot Engine Maintenance Budget was prepared in January using October 1985 flying hours (the latest iteration at the time). The "Engines Hours Based on Flying Hour Program" column in the above question are based on February 1986 flying hours which were not published until after the FY 1987 President's budget was submitted. This "discrepancy" is therefore a function of budget cycle timing.

The Naval Air Systems Command loads the Chief of Naval Operation's flying hour program verbatim into the engine maintenance forecasting model. The model takes into account multiple application engines and the fact that various type model series (TMS) aircraft are supported by more than one engine. For instance, not all

A-7 flying hours are applied to TF-41 engines and A-7Bs and A-7Cs use TF30P-408 engines.

Additionally, Research, Development Test and Evaluation (RDT&E) flying hours affect total failures and are included in the depot maintenace flying hours reflected in the budget. These hours are included to determine total Navy engine rework requirements for workloading purposes; however, the RDT&E units are funded by the RDT&E,N appropriation.

NOTE.—Regarding * comment above—although some flight scenarios allow flight use of only 2 or 3 engines, flight regimens vary and NAVAIR applies 4 units requirement since both the total flight hours and depot return rates are calculated using 4 units per aircraft.

Question. Please provide budgeted and actual labor hours to overhaul/repair each type of engine for fiscal years 1983 through 1985. Provide budget and current estimated labor hours for fiscal year 1986, and the budget labor hours for each type of engine for fiscal year 1987?

[CLERK'S NOTE.—Because of its size, this report will not be printed, but will be held in Committee files.]

Question. How does the Navy expect to accomplish the level of depot engine maintenance in fiscal year 1987 when maintenance performed in prior years has not equalled budget levels?

Answer. In addition to the improvements in forecasting procedures through better use of automated data processing resources, better documentation of failure data and improved communication between Navy activities regarding maintenance forecasts, the Navy has implemented procedures which maintain a closer relationship between budget forecasts and execution. The Navy's budget has been prepared using the best available data concerning requirements at time of budget submission. Some changes will continue to occur. Still, it is important to note that the budget documents real maintenance needs in FY 1987.

LOGISTICS SUPPORT ACTIVITIES

Question. You have budgeted $10,541K in FY 1987 for the Shipyard Modernization program. Does this program not duplicate the Asset Capitalization program funded in NIF? Isn't the purpose of the Asset Capitalization Program to modernize shipyard equipment?

Answer. This program does not duplicate the Navy Industrial Fund (NIF) Asset Capitalization Program. The title "Shipyard Modernization" is a misnomer and will be changed to "Industrial Support" in the FY 1988 Budget submission. Until FY 1983, the Shipyard Modernization program in Operations and Maintenance, Navy (O&MN) consisted of advanced industrial engineering studies for shipyard Military Construction projects; installation of equipment procured with appropriated funds; relocation and reinstallation of equipment at shipyards; and procurement of expense items ($0-$3 thousand) in connection with Military Construction projects at shipyards. This program never provided funds for procurement of industrial plant equipment at naval shipyards. Rather, such equipment was procured through the Other Procurement, Navy (OPN) Shipyard Modernization Program. O&MN and OPN funding covering these requirements were discontinued in FY 1983 when the Asset Capitalization Program was initiated.

Various other support programs which had been included in the "Shipyard Modernization Program" are still supported under this same title. The major programs are the Magnetic Silencing Program which covers design, installation and reinstallation of Magnetic Silencing Equipment at Naval Stations; the Computer Support program which covers time-sharing; the Maintenance of Inactive Nuclear Hulls program at Naval shipyards in Norfolk and Puget Sound; and Asbestos Litigation Support programs at all Navy activities. No equipment is being procured as a part of the current program.

Question. What is the programmed schedule for SSN inactivations used to develop the FY 1987 request of $71,861,000 (p. 70220)? Has the schedule changed?

Answer. The Programmed Schedule for SSN inactivations used to develop the FY 1987 request is listed below. The schedule has not changed since the budget was submitted.

Ship	Type Avail	Dates of Avail
SSN 583	Inactivation	Nov. 15, 1986 to July 15, 1987
SSN 588	Inactivation	July 9, 1987 to Apr. 1, 1988
SSN 579	Inactivation	Aug. 17, 1987 to May 15, 1988
SSN 592	Disposal	FY 1987
SSN 588	Disposal	FY 1987
SSN A	Advance Plng	Dec. 1, 1987 to Sept. 1, 1988
SSN B	Advance Plng	Jan. 15, 1988 to Oct. 15, 1989

It should be noted that inactivation availability requires at a minimum 8 months and these availabilities are fully funded at the beginning of the availability. The boats are considered active during the industrial period and are not decommissioned until the end of the availability.

The SSN inactivation schedule is integrated with the overhaul schedule of active and reserve fleet ships. Because these availabilities require a dry dock period, it is important that they be properly planned and scheduled. In addition to that requirement, manpower realignments from the inactivated SSN to new construction SSNs coming on-line are being planned. If the inactivation is not accomplished as scheduled, delays will occur in the transfer of the crews to the new SSNs thereby impacting their operating cycles or effectiveness.

Question. You request $46,042,000 for the Spare Parts Improvement Program (SPIP) in FY 1987, an increase of $15.4M over FY 1986 and $33.6M over FY 1985. Are the breakouts, reviews and engineering evaluations of spare parts one time occurrences or recurring?

Answer. When a sole source item is reviewed and evaluated as being eligible for competitive procurement it is no longer included in the review schedule. If the item remains as a sole source procurement, it is reviewed periodically to determine whether or not the sole source classification is still valid. This process applies to both items already in service as well as new item introductions. This requirement is driven by and implemented as a result of the Department of Defense Spare Parts Acquisition program which requires, in general, full technical engineering analysis of technical data associated with each spare part; the procurement of missing technical data where required; the legal determination and challenging of technical data rights as required; and assignment of acquisition method codes and decisions to reverse engineer when the situation dictates. The Naval Sea Systems Command (NAVSEASYSCOM) Headquarters platform and combat weapon system engineering staffs and twenty-seven (27) field activities are directly involved in this effort.

Question. Why do we need to increase funding over FY 1986 levels?

Answer. The U.S. Navy "Buy Our Spares Smart" (BOSS) program we initially designed as a four year phased program, reaching full implementation in FY 1987. This program has been one of the contributors to the overall decline in the prices of spare parts and has successfully demonstrated its value. Through FY 1985, this program has generated cost avoidances or savings valued in excess of $500 million which represents a return on investment of approximately 5:1. Through FY 1986, the Navy's goal for competitive procurements is 51%. The FY 1987 funding levels will continue to enlarge the share of competitive procurements and serve to realize additional cost avoidances and savings as a result.

Question. What is your outyear funding projection for the program?

Answer. Outyear funding for the program is expected to remain at approximately the FY 1987 level of effort.

Question. What is the total number of spare parts to be examined for breakout?

Answer. At full implementation in FY 1987, the number of spare parts which will be examined for the total U.S. Navy Buy Our Spares Smart program will be 23,000 per year. The Naval Sea Systems Command Headquarters portion will total 8,400 spare parts breakout reviews per year in FY 1987 and out years.

SHIP LAUNCHED WEAPONS REWORK/MAINTENANCE

Question. What causes the growth over appropriated amounts in FY 1985 of $3 million and FY 1986 of $10 million for weapons rework/maintenance?

Answer. In FY 1985, a net of $4.9 million was reprogrammed into the Ship Launched Weapons Rework/Maintenance activity group above the appropriated level. $1.5 million was provided for the overhaul of NATO SEASPARROW Surface Missile Systems. $4.8 million was provided for the rework of Standard Missiles to reduce the backlog to a more manageable level. $2.1 million was reprogrammed for the rework of MK 92 Combined Antenna Systems and System Tracking and Illuminating Radar (CAS and STIR) for FFG-7 class ships to meet an urgent requirement. The Mine program realigned funding from maintenance support to depot maintenance ($1.6 million) to rework additional deteriorated mine components. In addition, funding for the establishment of the Close-In Weapon System depot facility and the MK 16 depot facility was reduced ($3.9 million), and depot requirements for the Vertical Launching Systems were less than originally anticipated ($1.2 million).

In FY 1986, a net of $11 million has been reprogrammed into this activity group above the appropriated amount. The additional funding reflects a major emphasis to decrease depot backlog and maintain or improve the readiness of our major weapons systems. Of the $11 million, $5.6 million was reflected in anticipation of the Department's readiness reprogramming. The $5.6 million would be used to reduce backlog in the highest priority areas: missile systems maintenance ($1.2 million); establishment of the CIWS depot ($1.2 million); and ammunition rework ($3.2 million). An additional $7.4 million was reprogrammed from within Budget Activity 7 into these programs by the Department of Defense during the Fall to further reduce priority backlogs. Specifically, funding was provided for the rework of MK 92 CAS and STIR ($3.6 million), overhaul of an additional MK 86 gun system ($1.3 million), and Missile Rework ($2.5 million). Funding has decreased for Vertical Launching Systems since depot maintenance requirements are less than anticipated ($.8 million) and funding for the technical repair standard in support of NATO SEASPARROW Missile Systems has been realigned to the maintenance support program ($1.2 million).

Question. Does funding for weapons rework/maintenance at requested levels eliminate any executable backlog in this program?

Answer. Included in the FY 1987 budget request is funding to eliminate the executable backlog for two programs: missile rework ($4.0 million) and medium range missile weapons systems ($1.1 million). In the missile program, the prior year backlog is reworked before the current year requirements are begun. The missile program has an FY 1987 backlog of $1.2 million. In the medium range program, the majority of the FY 1986 backlog funded in FY 1987 is to resolve tactical software maintenance problems which are critical to the operation of the system. In FY 1987, the medium range program has a backlog of $2.8 million.

For most of the Ship Launched Weapons Rework/Maintenance programs, the FY 1986 backlog is no longer executable in FY 1987 due to ship operational schedules. For examples, the overhaul of major weapons systems can only be done when ships are in an industrial availability so that the systems can be removed, reworked and replaced. If the work is not funded at the time of the availability, the system will not be overhauled until the next availability. During the interim, the backlog is not executable.

Question. Have there been any adjustments in the FY 1987 overhaul schedules which will impact on weapons rework/maintenance funding?

Answer. There have been no ship overhaul schedule adjustments since the budget submission which impact on weapons rework/maintenance fundings.

SIZING THE AIRCRAFT DEPOT MAINTENANCE PROGRAM

Question.

AIRCRAFT REWORK/MAINTENANCE

[Dollars in millions]

	FY 1984	FY 1985	FY 1986	FY 1987
FY 1985 Request:				
Requirement	2,301	2,215		
Funding	1,999	1,917		
Executable Backlog	117	92		
FY 1986 Request:				
Requirement	2,098	1,995	1,415	
Funding	1,950	1,866	1,247	
Executable Backlog	30	63	168	
FY 1987 Request:				
Requirement		1,498	1,061	1,263
Funding		1,498	950	930
Executable Backlog		0	0	105

As evidenced by the above chart, not only does the Navy adjust its requirements for aircraft depot maintenance, but it also adjusts funding, seemingly always to the detriment of depot maintenance. For FY 1984, the Navy projected a requirement of $2.3 billion and identified funding of $2.0 billion which resulted in an executable backlog of $117 million. Why was the requirement for depot maintenance in FY 1984 reduced by $200 million down to $2.1 billion?

Answer. The majority of the $200 million reduction in FY 1984 requirements was due to a $161.3 million revised reduction in component requirements, primarily for 2R Cog Material. All 2R Cog Material has subsequently migrated to the Navy Stock Fund (NSF) and is no longer part of the Navy Aircraft Depot Maintenance Rework line. The remaining reduction in requirements of $41.8 million was distributed across the engine, modification and support services programs. These adjustments were due to flying hour reductions, revised modification schedules, and reduced levels of commercial and navy industrial fund support services.

Question. Why, when you had $2.0 billion in funds available for depot maintenance, did you not spend it all and eliminate the $30 million executable backlog?

Answer. Funding adjustments become necessary during budget execution to achieve overall program balance and to maximize fleet readiness within available resources. The size ($30 million) of the depot backlog was within manageable levels and it was more cost effective to use the resources on other high priority emergency requirements for maximum fleet readiness.

Question. What was done with the $49 million appropriated by Congress for depot maintenance, in order to eliminate the backlog, that was not used for that purpose?

Answer. As mentioned above, funding adjustments become necessary during budget execution to cover emergent operational priorities, to achieve overall program balance, and to obtain the maximum level of readiness within available resources. The $49 million was reapplied to cover other high priority emergent requirements such as Electromagnetic Interference program requirements, Korean Air Line salvage operations, Naval Aviation Logistics Com-

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mand Management Information System (NALCOMIS) program support, ground support equipment depot repairs, servicewide transportation requirements, contractor maintenance support services, commissary store operations, follow-on test and evaluation requirements and base operations support.

Question. Again in FY 1985, we see the requirement dropping from the initial estimate of $2.2 billion down to the actual amount of $1.5 billion. What caused the drop in requirements in FY 1985?

Answer. The FY 1985 column of the FY 1987 request row as reflected in the chart of the question does not identify either requirements or funding for the modification installation program, an integral portion of the Aircraft Depot Maintenance Rework program. When these requirements are included, as they are in the initial estimate, the actual FY 1985 requirement is $1,785 million vice $1,498 million reflected in the chart, for a drop in requirements of $430 million from the initial request of $2,215 million. The $430 million reduction in requirements is attributable to the following:

a. Component requirements were reduced by $188 million due to lowered 2R Component and revised repair of repairable requirements as a result of competitive contracting requirements. Funding for the repair of these components transferred from the Aircraft Depot Maintenance Rework line as a result of Navy stock funding of aviation depot level repairables on 1 April 1985.

b. Airframe requirements were reduced by $100 million. The FY 1985 President's budget was formulated prior to full implementation of Aircraft Service Period Adjustments (ASPA) program utilizing a manual computation process to predict requirements. This was an extremely difficult task in light of all the variables that impact aircraft schedules such as varying operational service period, major programs, non-aging time, retirements and operational commitments. The actual requirements reflect the result of the ASPA inspection program for determining rework based on aircraft condition. The FY 1987 request has been adjusted to reflect the latest data on ASPA inspection pass rates.

c. Engine requirements were reduced by $50 million due to changes in the flying hour program and engine removal rates from original submissions to actual execution. Lower aircraft rework requirements resulted in fewer concurrent engine reworks as well.

d. Modification requirements were lowered approximately $50 million as a result of revisions to major modification programs, fewer concurrent aircraft reworks and delays in commercial contractual commitments. The FY 1987 request has been adjusted to account for these occurrences.

e. Support services were reduced by $13 million of which $12 million was due to a budget base transfer of TH-57 material site support to the fleet.

Question. Judging by your track record for the past several years in identifying aircraft depot maintenance requirements, how confident are you of your FY 1987 estimate requirement?

Answer. During the past several years the Navy has continually revised and improved the methodology and automated programs used to identify aircraft depot maintenance requirements. The Aircraft Service Period Adjustment (ASPA) program, the modification budgeting system and the engine maintenance forecasting model have all been established or improved in the past 4 years. These

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new improved programs provide a high level of confidence in the requirements estimated for fiscal year 1987.

Question. Again, judging by your recent track record, it appears as though we could appropriate your requested amount for aircraft rework and maintenance in FY 1987 and by this time next year we would see no executable backlog instead of the $105,000,000 backlog you now project. Is this a fair statement?

Answer. As mentioned above, the Navy has revised and improved the methodology and automated programs used to identify aircraft depot maintenance requirements. For example, the Aircraft Service Period Adjustment (ASPA) program, the modification budgeting system and the engine maintenance forecasting model have all been implemented or improved during the past four years. These new improved programs provide a high level of confidence in requirements estimated for FY 1987. Barring any unforeseen operational requirements that may impact the aircraft depot maintenance program, FY 1987 budget execution results should be very close to those projected in the budget submission. Moreover, it should be noted that the total FY 1987 backlog in the aircraft rework program is $333 million, $228 million greater than the executable backlog of $105 million noted earlier. Even if minor reductions to requirements should occur during the execution of the FY 1987 program, other portions of the total backlog would then be within the executable capacity of the designated overhaul points.

In summary, these factors lead to the conclusion that the full requested funding will be required in FY 1987.

COMMAND AND ADMINISTRATION

Question. The Navy requests an increase of almost $10 million for "comprehensive centrally-managed efforts to lower Navy acquisition costs." In reviewing the programs to be funded, the Committee fails to identify any "new" initiatives. For each of the following provide a discussion and funding track. Overhead should—cost reviews have been performed in the past. Why is an additional $2,910,000 required?

Answer. In a recent Department of Defense Inspector General (DOD IG) audit (project 4CD-047) of "should cost programs", the Navy was singled out among all the services for criticism because it did not have a viable should cost studies program. Subsequently in FY 1985, the Navy accomplished two overhead should cost studies which resulted in significant cost savings to procurement programs. The funds to accomplish these two studies were unprogrammed and unbudgeted and had to be provided to the detriment of existing budgeted programs.

Based on the success of the FY 1985 studies the Navy established a centralized budgeted should cost studies program to ensure coordinated/continuous efforts in this area. The Secretary of the Navy's (SECNAV's) goal is that should cost studies, for all contractors under Navy cognizance with less than 50% competitive work, be completed by FY 1989.

FY 1987 marks the first fiscal year since the DOD IG report that the Navy has had the opportunity to budget for these should cost studies. The $2,910 thousand in FY 1987 is required to accomplish

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five should cost studies and is an integral part of reaching the SECNAV goal by FY 1989.

Question. The Navy has been heavily involved in competition advocacy for several years. Why do you require another $500,000?

Answer. Prior to FY 1986, funding to support the Navy's Competition Advocacy program was budgeted under the Chief of Naval Material Command in the Command and Administration budget line. The Chief of Naval Material Command was disestablished during FY 1985 after the FY 1986 budget submission to Congress. The Competition Advocacy program is now organized under the Assistant Secretary of the Navy (Shipbuilding and Logistics) with budgeting and funding responsibility of the program assigned to the Assistant for Administration to the Under Secretary of the Navy.

It should be noted that the principle objective of the Office of the Competition Advocate General is to reduce procurement costs though fostering competitive acquisition. Even though the competition program has been quite successful, some problem areas still remain. A significant percent of the contracts in some areas, such as spare parts, are impeded by contractor's claims of proprietary rights. Some of the claims are valid. Some claims are invalid. If progress into these tougher areas is to be pursued then a carefully thought out strategy based upon a competent study of the subject must be developed to protect the valid rights of all parties concerned. The FY 1987 funds will be used to develop this strategy based upon an effective study of the matter.

Question. Acquisition streamlining is another program that is not new to the Navy, and yet you request an additional $5,150,000. What will you gain from these additive funds that you don't currently have?

Answer. The Navy Acquisition Streamlining program was authorized by the Deputy Secretary of Defense in December of 1984. The primary objective of the program is the revision of specifications for acquisition of hardware and software important to the Navy's future success in acquiring and supplying appropriate weapons and materials to the fleet. The Department's fiscal year 1987 budget request includes, for the first time, acquisition streamlining as part of the budget submission. Minor "start up" efforts were funded in FY 1985 and FY 1986.

The FY 1987 funding request is to fully implement the acquisition streamlining program to begin to eliminate non-cost effective specifications, over specifications, automatic chain referencing of specifications and to revise specifications to incorporate commercial standards. This includes screening, evaluations, re-categorizations of specifications, and development of a totally new perception of the acquisition process and the role that specifications, paper load, and defense contract involvement plays in that process. In FY 1987 a total of 410 specification documents are planned to be revised.

Question. Reliability, Maintainability and Quality Assurance are concepts which the Committee has long endorsed, and in which the Navy has been very active. Why do you require an additional $950,000 over amounts previously provided?

Answer. Prior to FY 1987, funding to support the Navy's centralized Reliability, Maintainability and Quality Assurance program was provided by the Chief of Naval Material Command. The Chief of Naval Material Command was disestablished during FY 1985 after the FY 1986 budget was submitted to Congress. The Reliability, Maintainability and Quality Assurance program is now organized under the Assistant Secretary of the Navy (Shipbuilding and Logistics) with budgeting and funding responsibility of the program assigned to the Assistant for Administration to the Under Secretary of the Navy. The FY 1987 Budget request reflects this shift in budgeting and funding responsibility. The FY 1987 funds will be used to continue the Reliability, Maintainability and Quality Assurance efforts which are aimed at raising the quality of products manufactured for the Navy, reducing acquisition costs, reducing weapon system support costs, increasing equipment reliability and maintainability and helping to maintain fleet readiness. As a result of the Reliability and Maintainability initiatives and others, overall fleet readiness has improved significantly since FY 1975.

TRANSFER OF R&D BASE OPERATIONS COST

Question. A change in Defense policy concerning budgeting for base operations has resulted in numerous transfers of funds from the R&D to the O&M appropriations in FY 1987. Please provide for the record a track which identifies all of the Transfers Into O&M by Budget Activity and all the Transfers Out of R&D by Budget Activity.

Answer. The requested record of FY 1987 transfers for Base Operating Support (BOS) from R&D to O&M is as follows:

	Thousands
From: RDT&E,N:	
BA 6	–54,019
RDT&E,N Total	–54,019
To: O&M,N:	
BA 7	52,585
BA 8	85
BA 9	1,349
O&M,N Total	54,019

OFFICE OF NAVAL ACQUISITION AND SUPPORT

Question. The Navy has requested an increase of over $9 million for field operations of the Office of Naval Acquisition. For the record provide a funding track and a brief description of each of the following systems for which you request additional funds:

> Medical/Dental Administration Functions Afloat (+1,003); Administrative Support Afloat (+224); Planned Maintenance Support (+930); Organizational Maintenance Management System (+2,170); Supply Financial Module (+1,344); SNAP (+1,141); LOGMARS (+1,379); and Command Support (+285).

The description should include a discussion of what system is being replaced and what gains are to be had, either in cost savings or readiness enhancements.

Answer. It should be noted that the Office of Naval Acquisition has been disestablished, and that the programs in question have been transferred to the Space and Naval Warfare Systems Command for program execution and management oversight.

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It should also be pointed out that all of the systems in question use the Shipboard Nontactical Automated Data Processing Program (SNAP) as a means of accomplishing system goals. These systems reduce the administrative burden on the fleet and increase the accuracy of management information by replacing manual precedures. The increased efficiencies that are realized result in improved operational readiness.

The funding track of the systems for which funds were requested is as follows:

[In thousands of dollars]

	FY 85	FY 86	FY 87	Delta
Med/Den	0	214	1,217	1,003
Adm support afloat	1,500	1,352	1,576	224
PMS	0	0	930	930
OMMS	3,255	5,432	7,602	2,170
SFM	1,100	2,964	4,308	1,344
ROM/SFM (Snap)	2,934	2,906	4,047	1,141
LOGMARS	129	488	1,867	1,379
Command support	4,107	4,245	4,530	285
Total	13,025	17,601	26,077	8,476

The Medical/Dental program provides interface to the personnel system for personnel-related items, inventory control, and diagnostic aids. The interface with the personnel system will support such special programs as the audiogram program, the shot records program, etc., as well as scheduling of both medical and dental appointments. The inventory control system assists the medical/dental department(s) in maintaining an accurate account of the material and instruments needed to support their function. The diagnostic aid facility assists the independent duty corpsman or physician in diagnosing illnesses.

The Administrative Support Afloat program is designed to assist two classes of users. The executive Department administrative function provides basic clerical support that provides tickler systems to ensure timely accomplishment of reports and response to correspondence, library control, and maintenance of logs and records concerning the entire ship. This administrative function also suports an interface to the personnel system to allow extraction of data from the personnel data base. The second class of user is the individual departments within the ship. The basic clerical support allows the individual departments to provide basic log and record keeping on-line. This system provides many of the same services provided to the Executive Department but on a more limited scale. The system also provides a basic inventory system to support the need for maintenance of inventories within the departments.

The Planned Maintenance Support system reviews the maintenance schedules and provides managers with work breakdown analysis for work loading. These analyses are provided at the time they are produced and in an ongoing manner to ensure that appropriate management is aware of any impending problems in manning. In doing this the system takes into account the absence of

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skilled personnel, ship's schedule, and the status of equipment in preparing the weekly work package and will alert managers to impending problems. The system provides this analysis based on the total work profile including ship's schedule, corrective maintenance, and outstanding and preventive maintenance due.

The Organizational Maintenance Management System provides on-line information to effectively manage the job of ship's maintenance. The system supports the Ship's Force Work List (SFWL) as a management tool and allows greater flexibility in managing and accounting for the expenditure of ship's force manhours. The system provides greatly enhanced accuracy of data transmitted to upline managers by insuring data is correct at the source. The system removes the need to maintain logs and files in manual form and thereby reduces the administrative workload accordingly. In providing a proper interface between maintenance and supply, the system allows the technician to order and track parts automatically. The system also provides skeleton input to specialized reports now prepared by hand, such as Casualty Report (CASREP), Unit Status and Identity Report (UNITREP), etc.

The Supply Financial Module supports requirements processing, inventory management, and financial management functions aboard ships. The requirements processing functions provides for the input, issue, ordering, status tracking, and receipt of material requirements. The inventory management function encompasses hull, mechanical, electrical, ordinance, and electronic shipboard, allowance items, as well as demand based allowance items. This provides greater control over inventory levels to help preclude financial loses. The financial management function performs supply and equippage and will automate financial accounting.

The Shipboard Nontactical Automated Data Processing Program (SNAP) increase in question refers to Resale Methodology Operations Management/Food Services Automated Methodology. This version of SNAP software is designed to automate totally all clerical requirements of the Mess Management Specialist rating. The system provides full inventory control, and return generation. The inventory control function provides assistance in manual and automatic procurement, calculation and maintenance of inventory levels, and assistance in the area of stock rotation in order to prevent spoilage. The return function of the system provides inventory aids, assistance in reconciliation, and automatic generation of returns. Through these functions basic limitations inherent in current manual procedures are corrected thus providing more accurate and timely information.

Logistics Application of Automated Markings and Reading Symbols (LOGMARS) is a Department of Defense program utilizing barcoded technology in supply and inventory functions. LOGMARS allows fleet units to use bar code equipment and software, instead of key entry, to enter receipt and stowage information into the SNAP system. The objectives of LOGMARS is increased productivity by reducing the time it takes to process receipts, including stowage actions. Input errors to the SNAP system are reduced by substituting manual key entry of data with machine input. This will increase storeroom validity and record accuracy by providing machine input of data.

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Command Support is not a system. It is a budget category containing costs associated with operating the SNAP program office, Navy Management Systems Support Office, as a command which cannot be specifically identified to one of the particular functional systems mentioned above. The costs included in this catagory are command and administrative staff, computer operations, administrative travel, and operation of the Fleet Trouble Desk. The increase in funds is needed to provide assistance visits and platform/site services with the increasing SNAP population in the fleet.

NAVAL FACILITIES ENGINEERING COMMAND

Question. You requested an increase of $8,457,000 for collateral equipment for new construction projects ready for occupancy in October 1987. Are these construction projects still on schedule or has the useable completion date changed? How much of this funding requirement is for items that are readily available in the supply system and don't require more than 2-3 months for delivery?

Answer. The collateral equipment portion of the FY 1987 Congressional Budget indicated that available funding in FY 1987 could initially outfit construction projects which had occupancy dates as follows:

Continental U.S.: October 1987 or earlier.

Overseas: September 1987 or earlier.

These construction projects are still on schedule.

Most of our procurements (approximately 75 percent of our FY 1987 funding) are processed through General Service Administration (GSA) schedules. However, the actual procurement lead time spans a 6 to 9 month cycle for the following reasons:

a. The actual requisition must go to the vendor who may take 90 to 120 days to deliver the items depending on the terms of the GSA contract.

b. Upon receipt of the funding request by the field activity, a final review of the interior design package is performed. These reviews determine what additional equipment are needed, what requirements have become excess, what cost estimates have changed, what equipments are to be procured with either O&MN or OPN funds and what efforts will be provided through the Stock Funds or commercially. This coordination effort, depending on the size of the effort, can take as long as three months.

c. In the case of Overseas procurement, an additional three months are required upon receipt at the Continental U.S. shipping station to accommodate re-packaging, temporary storage until shipping and actual shipping time.

Question. Every category of Other Base Operations performance criteria except for retail supply operation indicates either no growth or a reduction from FY 1985 to 1987, and yet funding increases from $74.3 million to $92.5 million. Why does funding grow 24.5 percent (approximately 16 percent real growth) when there is no corresponding growth in your workload indicators?

Answer. There are five major factors contributing to the $18.2 million growth in Other Base Operations from $74.3 million in FY 1985 to $92.5 million in FY 1987. They are:

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a. inflation for the two year period equating to approximately $5.1 million;

b. Navy-wide Asbestos Abatement within the Ownership Group at $5.2 million;

c. Physical Security (The Lock Program) within the Mission Group for $1.0 million;

d. increased effort in the Civil Engineering Equipment Overhaul (CEEO) Program under the Mission Group of roughly $3.5 million; and,

e. increased Fleet Engineering Support at Public Work Centers (PWC) under the Ownership Group for $2.5 million.

The performance indicators currently provided in the OP-5 exhibit for the subactivity groups under which these items are budgeted do not reflect this growth.

The reason for this is that the established performance indicators reflect facilities and assets owned directly by the Naval Facilities Engineering Command (NAVFACENGCOM) and cannot accommodate growth associated with repair, improvement, overhaul and procurement of facilities/assets for which NAVFACENGCOM manages central Navy funding but does not own the facility. This specifically affects the Navy wide programs of Asbestos Abatement and CEEO as well as the Department of Defense (DOD) wide Physical Security (LOCK) Program. Additional justification for the growth in these programs is presented below:

Inflation.—Inflation for this two year period is estimated at a cumulative total of approximately 6.9 percent.

Asbestos Abatement.—This program represents a major new effort under Hazardous Waste Operations. A survey of nearly 20,000 industrial facilities indentified friable, spray-applied asbestos insulation as the most serious health hazard. Based on this survey the Navy has initiated a program beginning in FY 1987 for asbestos abatement which includes only damaged, delaminating, friable asbestos materials that pose an immediate hazard to Navy personnel. Most asbestos materials will be left in place and monitored until such time that abatement is determined necessary.

Physical Security (The Lock Program).—DOD designated the Navy as the executive agent for the development and acquisition of security locking devices with funding in the amount of $1.0 million for FY 1987. The Naval Facilities Engineering Command will execute this program under Other Base Operations. NAVFACENGCOM is charged with the responsibility to develop and design improved locking devices for protection of DOD property from theft or compromise. This funding covers program management, the development of hardware standard designs and specifications and the procurement of minor equipment.

Civil Engineering Equipment Overhaul (CEEO).—The increase in CEEO represents a major effort to reduce locomotive and airport support equipment overhaul backlogs. The increase from FY 1985 to FY 1987 will allow for the overhaul of nine locomotives at $2.6 million and for the various airport equipment at $.9 million which includes refueler trucks, snow removal equipment, runway sweepers, firefly and the like.

Fleet Engineering Support at Public Work Centers (PWCs).—This increase represents non-reimburseable effort at the Public Work

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Centers funded under Other Base Operations in support of the Navy's new homeporting initiative.

UNDERGRADUATE PILOT TRAINING PROGRAM

Question. The undergraduate pilot training flying hour program accomplished in fiscal year 1983 through 1985 used considerably less flight hours than budgeted. In addition, the number of pilots trained fell short of the budgeted levels during those years.

	FY 1983		FY 1984		FY 1985	
	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual
Flying hours	530,195	429,282	496,295	406,104	461,140	401,108
Pilot training rate	1,689	1,424	1,641	1,354	1,455	1,338

The undergraduate pilot training program requested in the fiscal year 1987 budget reflects a 12 percent increase in flying hours (53,137) from the current fiscal year 1986 level (439,293) hours in 1986 versus 492,430 hours in 1987) while the pilot training rate only increases by 40 individuals (2.7 percent). This translates into sharp increases in average flight hours expended per pilot trained on various kinds of aircraft from fiscal year 1986 to 1987: from 402 hours to 447 hours for jet aircraft, from 224 hours to 240 hours for propeller aircraft, and from 266 hours to 286 hours for helicopters. Why has the Navy been unable to fly the undergraduate pilot training hours that were requested in budget transmissions of fiscal years 1983 through 1985?

Answer. The Navy has flown undergraduate pilot training hours sufficient to produce the assigned pilot training rates (PTR), though these hours are less than those budgeted for in the Congressional Budget submission. The Navy has not flown the hours budgeted because of reduced PTR in the execution year. The PTR requirement for each fiscal year is based upon fleet requirements as determined by force structure, crew seat ratios, etc., and is periodically reviewed and updated. Subsequent to Congressional Budget submissions the PTR was reduced in each fiscal year 1983 through 1985. These PTR reductions resulted in fewer required flight hours than previously budgeted.

These reductions were largely a result of force structure adjustments such as cancellation of the 15th airwing, delay in the standup of the 14th airwing and stretchout of the SH-60B procurement. Other factors included Congressionally directed end strength limitations, reduction in the S-3 crew seat ratio and a lower throughput of foreign student pilots than originally planned. Regarding foreign student pilots, it should be noted that the performance criteria depicted in the budget, which includes flying hours, pilot training rates and average on-board, reflects both direct funded (United States Navy/United States Marine Corps) and reimbursable (Coast Guard and foreign) programs while the funding requested in the budget is only for the direct program. The performance criteria will be corrected in the next budget submission.

Question. Were there excess funds associated with the unused flight hours? If so how were they spent?

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Answer. Yes, excess funds were associated with the unused flight hours. In each year, excess funds were utilized to fund emergent training requirements, existing training requirements experiencing unplanned cost increases, essential base operating support services, and maintenance of real property.

Question. Why does the undergraduate pilot training program requested for fiscal year 1987 increase by over 53,000 hours from current fiscal year 1986 levels while the pilot training rate increases by only 40 individuals? How does this reflect on the quality of training provided in fiscal year 1987?

Answer. A direct relationship does not exist between the number of hours required in a given year and the pilot training rate (PTR) planned for that year. Since all flight training syllabi require more than one year to complete, a portion of the flight hours in support of next year's PTR must be flown in the current year. In the case of an increasing PTR, additional flight hours must be flown in the current year in order to produce the next year's PTR. This is the case in the FY 1987 budget request, where the PTR is increasing from 1,463 in FY 1986 to 1,503 in FY 1987 (+40) and then up to 1,650 in FY 1988 (+147). A substantial number of hours in support of the FY 1988 PTR must be flown in FY 1987 in order to produce the FY 1988 requirement.

Since student pilots will receive virtually the same training syllabus and flight hours in both FY 1986 and FY 1987, no change in the quality of training should occur.

Question. Given the Navy's inability to execute the undergraduate pilot training programs as budgeted in recent years, how does the Navy expect to execute a significantly larger program in 1987?

Answer. The Navy has been able to execute the required undergraduate pilot training program. Requirements were less than budgeted since pilot training rates (PTR) were reduced subsequent to submission of the budgets. For FY 1987, the Navy does not anticipate the large programmatic perturbations experienced in the past which caused the reduction in required PTR. The PTR for FY 1987, while larger than any recent year, does not pose execution problems.

NAVY RECRUIT TRAINING

Question. The fiscal year 1985 budget estimated average on-board for recruit training at 17,118 for 1985. The fiscal year 1987 budget shows the actual 1985 average-on-board for recruit training was 15,914, a 7.5% decrease. The fiscal year 1986 budget estimated average-on-board for recruit training at 17,451 for 1986. The 1986 column of the fiscal year 1987 budget, average-on-board for recruit training of 16,834, a 3.67% decrease. Why does the average onboard estimates decrease from budget submission to actual experience and later estimates?

Answer. Budgeted average-on-board (AOB) is a calculated workload value, based on anticipated recruit input and output. These estimates consider such variables as force structure, retention, economic conditions, civilian job market and recruiting projections. As these periods near execution year, confidence levels in the stability of these variables improve and estimates are refined. The decrease

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in the FY 1985 recruit training AOB was primarily caused by: (1) a FY 1985 Congressional reduction of Navy end strength and improved retention growth, which caused Navy's accession goals to be lowered; and (2) a higher recruit training attrition rate. Based on previous experience, Navy budgeted a 7% attrition rate for FY 1985. The actual attrition rate experienced in FY 1985 was 10.3%. The higher attrition rate was due to an increased percentage of lower quality Navy accessions. Accordingly, the recruit training AOB was adjusted to reflect a projected attrition rate of 10.9% in FY 1986 and 10.5% in FY 1987.

Question. What would be the impact on recruit training expenditures, if the fiscal year 1987 average on-board, was revised to 16,208 (a 7.56% decrease)? What would be the impact on expenditures for recruit training if the requested FY 1987 increase for military personnel (+9,850 enlisted, +11,400 total) was not approved by Congress?

Answer. Revising the FY 1987 recruit training AOB will have a minimal effect on the FY 1987 budget requirement. Recruit training costs are not sensitive to minor changes in loading since most of the costs are fixed, i.e. administrative support, large printing orders, etc. Variable costs such as initial uniform alteration and minor supply costs would decrease if AOB was reduced, but these savings would be relatively small. If FY 1987 recruit training AOB was reduced by 1,325 AOB (8,340 inputs) to 16,208 AOB, budgeted variable costs of $25.00 dollars per trainee would be saved or $209 thousand in program costs. If Navy enlisted accessions/trainee inputs were reduced by 9,850, Navy would save $246 thousand.

Question. Included in "Other Program Growth in FY 1987" is $26,000 for civilian substitution of military billets at the Great Lakes Recruit Training Center. How many military billets are being converted? What was the average rank?

Answer. Two military billets will be converted to civilian billets. The average rank is E-5.

Question. How many civilians are being added? What is the average grade?

Answer. Two civilians are needed to replace the military billets. The average grade is GS-4/5.

NAVAL RESERVE OFFICER TRAINING CORPS

Question. The total 1985 average student load in the FY 1985 budget was programmed at 10,915. The actual FY 1985 total average student load was 10,135, a 7.7% decrease. The total 1986 average student load was programmed at 11,278. The FY 1986 column of the FY 1987 budget shows a total average student load of 10,916, a 3.3% decrease. What would be the budgetary impact if the FY 1987 total average student load of 10,943, was reduced to 10,100 (a 7.7% decrease)? What would be the budgetary impact if the FY 1987 total average student load of 10,943, was reduced to 10,582 (a 3.3% decrease)?

Answer. The Naval Reserve Officer Training Corps (NROTC) program is comprised of scholarship and college (non-scholarship) participants. The underexecution in FY 1985 and reduced average-on-board (AOB) for FY 1986 is attributable to the college program

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which is designed as a supplemental for the scholarship program. The NROTC scholarship program growth in FY 1985 and FY 1986 (500 scholarships each), contributed largely to the underexecution of the college program during this scholarship expansion period because of the migration of students from the college program to the scholarship program. In FY 1987 the scholarship program will be stabilized and the college program will be fully executed. If NROTC average student loads are reduced in FY 1987, the cut would be taken in the college program. College program Operation and Maintenance, Navy (O&MN) costs are part of overall NROTC unit administration expenses. The O&MN cost per individual college program student is small and is determined by pro-rating NROTC administration costs between the scholarship and college programs. A 7.7% reduction to student average on-board (−843) would decrease O&MN costs by approximately $250 thousand; a 3.3% reduction to student loads (−361) would decrease O&MN costs by $107 thousand. These reductions would adversely affect Navy and Marine Officer accession goals.

NAVY PROFESSIONAL DEVELOPMENT EDUCATION

Question. Included in the FY 1987 budget is $140,000 for contracting out certain enlisted personnel functions. How many enlisted billets will be contracted out? When will this occur? When will the A-76 process be complete? What functions are being contracted out?

Answer. Twelve enlisted billets will be contracted out in mid-year FY 1987 consisting of the following functions:

5—Computer Programmers/Assistants/Operators; and 7—Clerical/Administration.

Under the A-76 process, we have the authority to go directly to contract for functions performed solely by military personnel.

Question. Also included in the FY 1987 budget is a decrease of $40,000 resulting from contracting our certain civilian and enlisted personnel functions. How many civilian and enlisted personnel positions will be contracted out? When will this occur? When will the A-76 process be complete? What functions are being contracted out?

Answer. The $40 thousand decrease results from the contracting out of military enlisted billets and a reduction of civilian administrative support. Under the A-76 process, authority is granted to go directly to contract for functions performed solely by military personnel.

NAVY OFFICER ACQUISITION

Question. What equipment and services will be purchased with the $3,231,000 for ADP upgrade? Is this an upgrade or is it a new program? Is there procurement funding associated with this project?

Answer. Advanced computer technology at the United States Naval Academy (USNA) is a long range program based on a study done in 1984. The program will provide an extensive automated data processing and communications installation. This new system will provide state-of-the-art capabilities to midshipmen, faculty and

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staff in several laboratories (ie.e., engineering and weapons, physics, chemistry, computer science). The academy-wide system will permit midshipmen to use a workstation in their dormitory rooms. (No funds have been requested to buy workstations for the midshipmen; they will be required to purchase their own.) Data access will also be provided to faculty and administrative offices

In support of the program, the Operations and Maintenance, Navy budget contains $3,231 thousand broken down as follows:

	Thousands
12 end strength/6 work years—for computer communications specialists and computer support personnel	$151
Equipment	3,080
USNA Data Network	1,500
Faculty Workstations	890
Laboratory Workstations	480
Electronic Classrooms	210

There are no procurement funds in the FY 87 Congressional budget associated with this upgrade.

Question. The fiscal year 1985 budget included $83,000 for academic equipment acquisition for laboratories. The fiscal year 1986 budget included a $396,000 reduction for "completion of an FY 1985 one-time purchase of laboratory equipment." (The only $396,000 project in the 1985 budget were increased academic staff and equipmen.) The fiscal year 1987 budget includes $1,533,000 for equipment.) The fiscal year 1987 budget includes $1,533,000 for equipment and supplies for the upgrading of laboratories. Why are there inconsistencies in the budgeting for this project? Has any upgrading of laboratories occurred? What has been the extent of the upgrading efforts (including costs)? Is the FY 1987 requested increased for equipment and supplies or for technicians and specialists to operate the equipment?

Answer. The FY 1985 budget increase of $83 thousand was part of the continuing effort to replace highly technical lab equipment which was either obsolete or in disrepair. The $396 thousand reduction in the FY 1986 budget should have been attributed to a one-time purchase of beds, desks, etc., for the midshipmen in Bancroft Hall and not a purchase of lab equipment.

Lab upgrades have occurred by replacing obsolete equipment with state-of-the-art items. Approximately $1.5 million has been spent over the last two years to replace lab equipment (e.g., oscilloscopes, generators, power supplies, microprocessor trainers, strip chart recorders, etc.).

The FY 1987 increase for lab equipment and supplies is driven by the need to support a number of curriculum changes planned for the strengthening of several current majors plus the expansion of the engineering curriculum to include artificial intelligence, space technology and nuclear engineering ($1,379 thousand). In addition more program specialists, lab technicians, maintenance technicians, engineering technicians, and electronic technicians are required to support the curriculum changes. These personnel will maintain and operate the additional lab equipment ($154 thousand, 9 workyears).

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Question. Included in the program increases for FY 1987 is $36,000 for civilian substitution of military billets. How many military billets are being converted? What is the average rank?

Answer. 10 military billets are being converted as follows:

Journalist (2nd Class)	2
Yeoman (3rd Class)	1
Yeoman (2nd Class)	2
Seaman	5
Total	10

Question. How many civilians are going to replace the military? What is the average grade?

Answer. 2 civilians are going to replace the military (the remaining 8 will be contracted out). The average grade of the 2 civilians is GS-6. Funding of $36 thousand should have been $20 thousand for civilian substitution and an increase for two civilian positions for establishment of a Computer Science Instructor (GS-11) and clerical support (GS-3). This is due to increased curriculum and training responsibilities at the Naval Academy Preparatory School.

Question. If this conversion is taking place, why does the military end strength increase by 61 (−1 officer, +62 enlisted).

Answer. A track of military end strength changes is as follows:

Minus 10 Enlisted—Decrease due to substitution of enlisted personnel with civilian and contractor personnel.

Minus 1 Officer—Decrease in administrative functions in conjunction with redistribution of end strength to support Navy medical and reserve requirements.

Minus 9 Enlisted—Decrease in administrative functions in conjunction with redistribution of end strength to support Navy medical and reserve requirements.

Plus 6 Enlisted—Increase in student billets for CEC Officer Candidate School.

Plus 75 Enlisted—Increase in student billets for the Enlisted Education Advancement Program.

Question. What are the future plans for the spousal employment program? What will the FY 1987 request of $32,000 purchase? Since midshipmen are not allowed to be married while at the academy, is it correct to assume this program is for spouses of faculty and administration?

Answer. The implementation plans for the Spouse Employment Assistance Program (SEAP) includes one GS-9 Employment Specialist and one computer at each Family Service Center (FSC). The Employment Specialist will manage job search workshops and seminars to better prepare spouses in obtaining job placement. The computer will list local job opportunities, access local job banks and hook up with other FSCs for job information when a couple receives Permanent Change of Station orders.

SEAP at the Navy Academy is intended to serve the spouses of the 1,200 active duty personnel at Naval Station Annapolis, and 1,500 active duty personnel at Fort Meade. In addition, it is estimated that one-third of the 1,000 midshipmen graduates get married within six months of graduation. The SEAP will orient these new

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spouses to the employment opportunities and services available to them.

Question. Included in the FY 1987 budget, is $80,000 for contracting out certain enlisted personnel functions. When will this action take place?

Answer. Contracting out will take place in mid-year FY 1987.

Question. How many enlisted billets will be contracted out? What functions do they perform?

Answer. 8 enlisted billets will be contracted out. They perform the following functions:

Office Clerk; Clerk; Departmental Yeoman; Deckhand; Carpenter Shop; Clerk/Receptionist; Clerk/Typist; and Journalist.

Question. If this contracting out is taking place, why is there an increase of 62 enlisted billets?

Answer. A track of military end strength changes is as follows:

Minus 10 Enlisted—Decrease due to substitution of enlisted personnel with civilian and contractor personnel.

Minus 9 Enlisted—Decrease in administrative functions in conjunction with redistribution of end strength to support Navy medical and reserve requirements.

Plus 6 Enlisted—Increase in student billets for the CEC Officer Candidate Program.

Plus 75 Enlisted—Increase in student billets for the Enlisted Education Advancement Program.

Question. Included in the program increases for FY 1987, is $1,185,000 for civilian substitution of military billets. How many military billets are being converted? What is the average rank?

Answer. 95 military billets will be converted to civilian billets. The average rank is E–5.

Question. How many civilians are going to replace the military? What is the average grade?

Answer. 95 civilians billets are replacing the military billets. The average grade is GS–4/5.

Question. What are the "various locations" where these conversions will take place?

Answer. Conversions will take place at the following locations: Pensacola; Meridian; Norfolk; Gulfport; Mayport; San Diego; Port Hueneme; Dam Neck; Great Lakes; Memphis; Coronado; New London; Lakehurst; and Newport.

NAVY SPECIALIZED SKILL TRAINING

Question. FY 1987 Program Decreases: Why does the budget include a $2,825,000 increase of expansion/upgrade of various "A" schools, including electronic technician (ET) school, when there was a FY 1986 decrease of $454,000 for ET "A" school course revision?

Answer. The FY 1987 increase of $2,825 thousand supports ongoing costs associated with various "A" schools. Within the $2,825 thousand, $765 thousand is planned for ET "A" school course technical training equipment. The $454 thousand is reflected in the budget as a FY 1987 decrease of one-time FY 1986 costs for ET, fire control (FC) and gunners mate (GM) "A" school course revisions and curricula development. Within the $454 thousand, $30 thousand was utilized for ET "A" school course revision.

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Question. What audit identified underutilized courses? What courses were underutilized? Were they underutilized in FY 1985, or is the estimate that they will be underutilized in FY 1986? Has the program been revised so that there will be no underutilized courses in FY 1987?

Answer. Course utilization was addressed in the Naval Audit Service Report on selected functions at Chief of Naval Education and Training dated 25 January 1985 and Government Accounting Office (GAO) Audit "Observations on Navy's Process for Determining Annual Enrollment Requirements" dated 30 September 1985.

The audit reports did not identify specific underutilized courses but addressed course utilization within categories of training; i.e., initial skills, skills progression (both Navy enlisted category (NEC) and non-NEC awarding), and functional skills. It is virtually impossible to eliminate all course under and overutilization. Input plans for courses are initially developed two or more years in advance of the actual training year. The plans are refined as situations and requirements change. Utilization within the initial skills training category is good since the input plan is based primarily on the accession plan. Utilization within the skill progression category is also normally good (especially in the NEC-awarding courses) because the input plan is more structured and is not significantly affected by external influences. However, fleet operating tempo (OPTEMPO) does impact course utilization. Utilization within the functional skills category is lowest because it is easily affected by external influences. Courses in this category are two weeks or less in duration and include team training, firefighting training, and refresher training. Utilization of courses within this category is also dependent upon fleet OPTEMPO, world situation and incidents within the fleet (e.g., fires, and accidents).

In response to the audits, the Chief of Naval Education and Training issued a regulation (CNETINST 1500.16 April 1985) that specified systematic procedures for monitoring course utilization. GAO concluded that this new instruction contained positive reporting requirements for correcting the problem. Navy is conducting annual reviews of courses to identify and evaluate all courses that are utilized less than 70%. Results of the latest review were incorporated into the FY 1987 budget estimates. On page 8-15 in BA-8—Training, Medical and General Personnel Activities FY 1987 Budget Submission, a $501 thousand reduction is reflected for underutilization of courses.

Question. The fiscal year 1985 budget programmed an average-on-board for specialized skill training at 53,122. The actual 1985 average-on-board was 51,197, a 3.76 percent reduction. The fiscal year 1986 budget programmed an average-on-board for specialized skill training of 54,012. The 1986 column of the fiscal year 1987 budget shows an average-on-board estimate of 52,230, a 3.41 percent decrease. What would be the budgetary impact if the fiscal year 1987 average-on-board was reduced from 54,271 to 52,420 (a 3.41 percent reduction)?

Answer. If the FY 1987 average-on-board (AOB) were reduced by 1,851 (3.41%), the budgetary impact would depend on how the cut was applied. In order to preserve important training programs and avoid major course cancellations, Navy would implement such a reduction by decreasing class loads in the support skill "A" schools and delaying needed school expansions in several technical ratings. These adjustments could result in reduced funding of approximately $1,200 thousand. Reducing these loads would impact readiness because the requested training loads are necessary to meet fleet readiness requirements.

USMC REAL GROWTH

Question. General Went, in FY 1987 the Marine Corps O&M appropriation increases by 200 million, or 11.8 percent to an FY 1987 request of $1.9 billion. Excluding price changes, this equates to real growth in FY 1987 about 7 percent. This appears to be a healthy increase when compared to the other Services growth, which range from ½ percent to 3 percent real growth. Do you feel you have sufficient growth in FY 1987 not only to fund new programs and equipment, but also to carry on existing programs at FY 1986 level?

Answer. As submitted, the FY 1987 request is considered to be sufficient to carry on existing programs at the 1986 level as well as fund new programs and equipment. The Marine Corps has invested heavily over the last six years to modernize and improve our combat capability. To operate, support, and properly maintain this investment, the FY 1987 O&MMC budget contains $118.1 million in real growth.

IMPACT OF GRAMM-RUDMAN-HOLLINGS ON USMC IN FY 1986

Question. For the record provide, a detailed description showing FY 1986 request, FY 1986 estimate in the FY 1987 request, current FY 1986 estimate after Gramm-Rudman-Hollings, and FY 1987 estimates. Please breakout this description, first by Budget Activity and budget program, and then by aggregating programs, such as real property maintenance and flying hours.

Answer. The table that follows provides the requested data identifying the impact of Gramm-Rudman reductions on the FY 1986 Operation and Maintenance, Marine Corps appropriation request. The FY 1986 Operation and Maintenance, Marine Corps (O&MMC) request was reduced by $80,852,000 as a result of Gramm-Rudman sequestered amounts. The impact of these reductions on the O&MMC appropriation is as follows:

a. Budget Activity 2, General Purposes Forces. Funding was reduced $54.9 million. This reduction will result in decreased participation in training and supply support of the operating forces, impacting on unit readiness. Gramm-Rudman reductions to this Budget Activity were applied to the following programs:

Program	*Millions*
Table of Equipment Allowance Items	$6.6
Training Exercise costs and other support requirements	5.4
Operation and Maintenance of New Equipment	1.8
Initial issue expense items	17.0
Base Operations Support to include Maintenance and Repair of Real Property facilities	24.1

b. Budget Activity 7, Central Supply and Maintenance. Funding was reduced by $16.6 million. Decreases have been applied to the

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Land Prepositioning Program and the depot (equipment) maintenance program. This reduction will impact the state of readiness of Marine Corps equipment such as the M60 Tank, the 900 Series Trucks, M110 A2 Howitzers and the secondary reparable program. Gramm-Rudman reductions to this Budget Activity were applied to the following programs:

Program	*Millions*
Norway Prepositioning supply support	$1.9
Equipment Maintenance	12.3
Contractor and data processing support	1.8
Base Operations Support to include Maintenance and Repair of Real Property Facilities	.6

c. Budget Activity 8, Training, Medical and Other General Personnel Activities. Funding was reduced by $8.0 million impacting on mission related training necessary to insure that requisite skills are available to meet Marine Corps commitments. Gramm-Rudman reductions to this Budget Activity were applied to the following programs:

Program	*Millions*
Formal Schools Training	$3.8
Operation and Maintenance of new Equipment	.7
Contractor support	.3
Base Operations Support to include Maintenance and Repair of Real Property facilities	3.2

d. Budget Activity 9, Administration and Associated Activities. Funding was reduced by $1.3 million. This reduction will delay implementation of much needed financial, manpower and logistics management information systems.

e. Because of the severe impact of the FY 1986 Gramm-Rudman reductions on the Operation and Maintenance, Marine Corps appropriation and specifically, Budget Activities 7, 8, and 9, additional reductions were applied to Budget Activity 2 to offset the impact on readiness, formal training, and our civilian labor program.

OPERATION AND MAINTENANCE, MARINE CORPS BUDGET ACTIVITY DESCRIPTION

[Dollars in thousands]

	General purpose forces	Central supply and maintenance	Training, medical and OGP activities	Administration and associated activities	Total
FY 1986:					
Request	875,805	417,887	252,160	121,548	1,667,400
Appropriation	864,450	377,624	250,371	119,605	1,612,050
Transfers in:					
Foreign Currency Fluctuation	44,400				44,400
Readiness Funding	10,000				10,000
Other internal realignments	4,219	−3,974	−1,701	1,456	
FY 1986 in FY 1987	923,069	373,650	248,670	121,061	1,666,450
Gramm-Rudman Reductions	−44,220	−18,503	−12,268	−5,861	−80,852
Mandatory Adjustments for Gramm-Rudman application	−10,647	2,960	4,231	3,456	
After Gramm-Rudman	868,202	358,107	240,633	118,656	1,585,598
FY 1987 Estimate	1,037,379	436,608	262,901	127,212	1,864,100

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TRAINING FOR MPS BRIGADES

Question. The Marines request an increase of $8,175,000 in FY 1987 for training exercises for Maritime Pre-positioning ships (MPS) brigade sized units. We understand these funds are required to train the third MPS brigade.

In your FY 86 budget you requested an increase of $8,228 for training exercises for the two MPS brigades established in FY 85 plus the third brigade to be established in FY 86. Why are you requesting funds in FY 87 for the same reason you requested and received them in FY 86?

Answer. MPS training exercises are a continuing requirement. In order to put this inquiry into perspective, some background information is important.

Maritime Preposition Squadron number one was deployed on 30 July 1985.

Maritime Preposition Squadron number two was deployed on 31 December 1985.

Maritime Preposition Squadron number three will be deployed 30 September 1986.

Thus, we have, if each Squadron is considered as deployed for a percentage of the fiscal year, the following:

[In percent]

	FY 85	FY 86	FY 87
MPS-1	0.17	100	100
MPS-2	0	75	100
MPS-3		0	100

The funds requested, along with the increases over time, when viewed in light of the percentage of the fiscal year in which the squadron is operational, are logical. The training exercises, whose objectives will be marshalling of forces, loading aboard aircraft, exercising of the command post, pierside or instream offloads of ships, and movement of the ships with a subsequent partial offload, are a recurring expense that will continue as long as we have the MPS program. It is anticipated that costs will continue to increase from year to year at least until such time as we do a total squadron down load to include a "marry-up" cycle with the MPS MAB personnel. After this complete down load, we can expect training costs to level off or perhaps decrease.

Question. How many training exercises will you perform in FY 86 and 87?

Answer. In FY 1986 we plan to have 9 or 10 training exercise and 14 in FY 1987. In general terms, the following types of exercises will be conducted:

MPS Off-Load Exercises (Pier In-Stream)
MPS Command Post Exercises (CPX)
MPS Readiness Exercises (READEX)

Marine Corps funding will be utilized to ensure that all aspects of the MPS concept are exercised on a yearly recurring basis. i.e. marshalling, loading aircraft, deploying, offloading MPS vessels,

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marrying equipment and personnel, exercising of prepositioned equipment, representation, backload, and redeployment. In addition, the USMC goal is to include each MPS Bridgade in one major exercise annually. This will most likely be in conjunction with a JCS Directed or Coordinated exercise. Marine Corps funding will be used to fund non-JCS exercises (CPX's/READEX's) and aspects of the major exercise not included in JCS or CINC funding. USMC funding would be required in the following areas:

Funds to depreserve, washdown, repair, and represerve equipment.

Consumables—fuel, parts, batteries, etc.

Personnel transportation and TAD.

Port services to include stevedoring costs (contract) and staging and storage areas for off loaded equipment.

The following represents budgeted exercise costs for FY86:

Four READEX's which involve the marshalling, moving of forces to Assigned Port of Embarkation (APOE), and the conduct of STATIC Loading Exercises (LOADEX)/Actual Fly Away. A small number of Military Airlift Command aircraft would be involved in the LOADEX/Fly Away.

Funding Requirement—$500,000.

3-4 CPX's involving the Marine Amphibious Brigade Headquarters. This exercise would be in conjunction with a Marine Amphibious Force CPX. Costs associate with this exercise would be those required to establish the Marine Amphibious Bridade Headquarters and major subordinate Headquarters of the Marine Amphibious Brigade and temporary additional duty costs associated with the planning phase leading to the execution phase of the CPX.

Funding Requirement—$193,000.

Major exercises include:

Ocean Venture 86: Pierside or In-Stream offload of one or partial offload of two ships to include Principal End Items and the offload of some containers. Will include increasing the scope of participation to include a greater Fly In Echelon and flight ferry than during Bright Star 85.

Funding Requirement—$4,000,000.

Bold Guard 86: Selected Offload of one or two ships pierside. Would include the Fly In Echelon and flight ferry. (Note: Spans two FY's)

Funding Requirement—$1,000,000.

Freedom Banner 86: Strategic mobility exercise for elements of the Marine Amphibious Bridgade to include partial offload of one or two ships either pierside or in-stream. This exercise involved movement of elements of the Marine Amphibious Bridgade to Korea and the offload and exercising of equipment, represervation, washdown, and maintenance.

Funding Requirement—$6,000,000.

Agile Sword 86: Strategic mobility exercise which involved a one ship down load and the field exercising of major items of equipment.

Funding requirement—$3,000,000.

Total FY86 funding requirement—$14,693,000.

The following represents budgeted exercise costs for FY87:

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(6) READEX's of the scope described during FY86.

Funding requirement—$1,100,000.

(4) CPX's of the type described in FY86.

Funding requirement—$370,000.

Major exercises include:

Bold Guard-86: Continued because it spans two FY's.

Funding requirement—$3,000,000

Solid Shield-87: Selective offload of one or two ships either in-stream or pierside with live fire participation. Fly-In-Echelon would be exercised between regional military airfields. Selected containers, as well as Principal End Items, would be offloaded.

Funding requirement—$3,000,000.

Bright Star-87: Scope of MPS participation would increase over that of BRIGHT STAR-85.

Funding requirement—$4,500,000.

Display Determination-87: Partial offload of one or two ships pierside or in-stream. Would exercise all aspects of the MPS concept.

Funding requirement—$5,500,000.

Team Spirit-87: Partial offload of one or two ships pierside or in-stream. Would exercise all aspects of the MPS concept.

Funding requirement—$6,000,000.

Total FY87 funding requirement—$23,470,000.

Question. We understand that during FY 87 seven of the thirteen MPS ships will be recertified, which entails the complete offloading of the ships. While undergoing certification you also plan to perform a complete maintenance and inventory of the cargo. How long will this recertification/maintenance process take?

Answer. Only six ships are planned to be involved in recertification in FY 1987. Each ship is slated to be cycled through in approximately 60 days. (This does not include their transit time from, and back to, their station.)

Question. How do you expect to be able to perform all of your training exercises when over half of your MPS ships will be tied up undergoing recertification?

Answer. At any given time there would be at most two ships affected (one in the yard, and one in transit). As a side light, the period of time in transit will decrease when the projected maintenance facilities at Guam can be used.

Question. For the record, provide a track for MPS training exercises for fiscal year 85, 86 and 87 broken out by the number of brigades involved and total cost, by type of cost.

Answer.

Fiscal year 1985

MPS-1 Type cost:	
2 Readex's	$262,000
1 CPX	50,000
Bright Star—85	2,375,000

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MPS-2 Type cost	
MPS-3 Type cost	
Total	2,687,000

Fiscal year 1986

MPS-1:	
2 Readex's	250,000
2 CPX's	96,000
Ocean Venture—86	4,000,000
Agile Sword—86	3,000,000
Bold Guard—86	1,000,000
MPS-2:	
2 Readex's	250,000
2 CPX's	97,000
Freedom Banner	6,000,000
MPS-3	
Total	14,693,000

Fiscal year 1987

MPS-1:	
2 Readex's	366,000
1 CPX	95,500
Solid Shield—87	3,000,000
Bold Guard—86	3,000,000
MPS-2:	
2 Readex's	367,000
1 CPX	92,500
Bright Star—87	4,500,000
Display Determination—87	5,500,000
MPS-3:	
2 Readex's	367,000
2 CPX	185,000
Team Spirit—87	6,000,000
Total	23,470,000

Question. Your statement indicates that the third MPS Squadron is scheduled to become operational on Septemer 30, 1986. Is this date still accurate?

Answer. Yes, this date, 30 September 1986, is still valid for MPS-3's Initial Operating Capability.

Question. If there is any change in the future, would you please notify the Committee as to the new date and the impact the delay has on your budget request?

Answer. If there is any change, the Committee will be so notified.

MARINE CORPS TACAIR FLYING HOURS

Question. General Went, we are aware that Marine Corps flying hours are funded in the O&M, Navy appropriation, however, we would like to discuss your flying hour requirements with you.

What are the advantages gained by Marine Corps pilots flying above minimum mission ready levels?

Answer. Minimum mission ready levels allow a pilot to become proficient to a minimally acceptable level for a particular mission. Flying above minimum levels will allow a pilot to become more effective in combat and difficult training missions, and will allow development to full potential as a combat aviator sooner. Additionally, it will allow him to operate his aircraft in all environments and

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across all missions areas more safely, thereby conserving valuable human and material resources.

Question. Is there any way to quantify or measure improved proficiency, and if so, can you assess the relative impact of each of the aforementioned factors?

Answer. Several factors point to the increased proficiency of Marine Corps pilots of today versus 1980. These include improvements in mishap rates, training, and readiness. A significant reduction in the overall mishap rate (9.83 to 5.23), as well as in the number of mishaps attributable to aircrew error (more than cut in half during this same time period), are key indicators, and are a direct result of our better maintained aircraft and better trained pilots. Improved maintenance has resulted in 16% higher mission capable rates than 1980 and, in conjunction with enhancements to the flight hour program over the same time, have allowed a quantum leap in readiness. Today, there are 30% more combat ready squadrons than there were in 1980. Based on applying lessons learned of the past on a consistent basis, training has been highly optimized and produces better trained pilots much sooner than before. More command attention and the emphasis on training and safety procedures have resulted in better trained, more mature aviators. They are capable sooner of flying more sophisticated aircraft in more complex environments with a better safety record than ever before.

Question. A case can be made that the wear and tear on the aircraft as a result of the increased flying time could actually cause more accidents than if you flew less. How would you respond to this assertion?

Answer. A comprehensive program to monitor aircraft fatigue has been in existence in the Department of the Navy for some time. An increase in flight hours will cause an aircraft to reach its service life more quickly, but will not necessarily impact accident rates through wear and tear. Current maintenance procedures provide for continuing inspections to detect material deficiencies and deterioration prior to catastrophic failure.

Question. What is the growth in Marine Corps flying hours from FY 1986 to 1987?

a. How much of the growth results from increases in aircraft inventory?

b. How much of the growth results from increases in average flying time and how does that affect the average per pilot per month?

c. How much of the flying hour growth results from an increase in the pilots to aircraft ratio?

Answer. The TACAIR growth from FY86 to FY87 is 11,367 hours.

a. The flight hour growth from FY86–87 is not directly attributable to growth in active aircraft inventory. The number of aircraft is only one of many factors utilized to determine the ability to perform the mission of the Marine Corps. The ultimate requirement for flight hours is based upon aircrew training requirements, emerging requests for support of Fleet activities, and operational commitments, and is not tied solely to numbers of aircraft.

b. 4,612 hours of the 11,367 hour increase between FY86 and FY87 are the result of an additional 16 aircrews. The remaining

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6,755 flight hours are for staff pilots, and reflects the required Naval Aviation Training Operating Procedures Standardization (NATOPS) minimum of 100 hours per year per pilot. The increase will provide an average of 23 hours per crew per month in FY87 which, compared with FY86, should reflect no growth in average per pilot per month.

c. None of the flying hour growth from FY86 to FY87 results from increases in pilot to aircraft ratio.

Question. What has been the total growth from FY 1980 to the current request in Marine Corps flying hours?

a. How much of the growth is tied to increases in aircraft inventory?

b. What has been the growth from FY 1980 to 1987 in average flying time per month per pilot?

c. What has been the increase in pilots per aircraft from FY 1980 to 1987?

Answer. Total growth from FY80 to current FY87 request is 62,041 hours.

a. The flight hour growth from FY80 to FY87 is not directly attributable to the growth in the aircraft inventory. The number of aircraft is only one of many factors utilized to determine the ability to perform the Marine Corps' mission and the flight hours associated with that performance. The ultimate requirement for flight hours is based upon aircrew training requirements, requests for support of Fleet activities, and operational commitments, and is not tied solely to numbers of aircraft.

b. Average flying time per month per pilot was 21 in FY80 and is 23 for FY87.

c. There has been no increase in pilots per aircraft from FY1980 to 1987 across the Marine Corps inventory. In cases where either single or dual piloted aircraft were phased out and replaced or upgraded to newer models, each was exchanged for aircraft piloted by an equal number of pilots.

Question. How many flying hours in FY 1980 and FY 1987 are devoted to staff/support pilots and how much to operating crew pilots?

a. How many hours per month on the average did staff personnel receive in FY 1980 and what will they receive in FY 1987?

b. Why are you requesting increased staff flying hours in FY 1987?

Answer. In FY80, 10,127 TACAIR hours were budgeted for staff pilots, and 283,855 were budgeted for operating crew pilots. In FY87, 19,902 hours are budgeted for staff pilots and 301,645 are budgeted for operating crew hours.

a. Budgeted staff hours in FY80 were 10,127 and are planned for 19,893 in FY87. For the Marine Corps staff pilot requirement of 256 pilots, the average hours per month per pilot was 3.3 in FY80 and are planned to be 6.5 in FY87.

b. The Marine Corps' goal for staff pilot hours is 25,600 hours based on the requirement for staff pilots on flying orders to achieve Naval Aviation Training and Operating Procedures Standardization (NATOPS) minimums of 100 hours/year. This increase reflects continuing attempts to achieve this minimum goal. One hundred hours per pilot per year is the absolute minimum number that is

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necessary to maintain basic skill level for safe control of an aircraft and is a mandatory flying requirement.

Question. For the record provide the number of active aircraft, the number of flying hours and cost (by appropriation) by aircraft type for FY 1980, 1986, and 1987.

Answer. All costs associated with the operation of Marine Corps aircraft are funded by the Navy in the Operation and Maintenance, Navy appropriation. We therefore defer to the Navy for the answer to this question.

DEPOT MAINTENANCE

Question. The Operation and Maintenance Overview as published by OSD identifies funding for Marine Corps depot maintenance of $100.1 million and a financial backing of $13.7 million.

Does the sum of these two amounts ($113.8 million) equate to your total funding requirement?

Answer. The total funding requirement for the FY 1987 Depot Maintenance program excluding modification kit installation is $113.6 million. This includes funding for the following:

Depot Maintenance Program

	Millions
Major End Items	$92.6
Component Repair	21.0
Total	113.6

Question. The O&M overview shows depot maintenance funding in FY 1986 of $99.1 million, with no financial backlog, which matches exactly in the funding identified in the Marine Corps O&M Justification Book for repair of major end items and components in the Equipment Maintenance program. In FY 1987 the O&M Justification Book identifies major end item and component funding of $113.6 million, which should fully fund your depot maintenance requirement, and yet a financial backlog is identified for FY 1987. Please explain?

Answer. The Depot Maintenance funding request as contained in the Marine Corps O&M Justification Book of $99.1 million and $113.6 million for repair of major end items and components for FY 1986 and FY 1987, respectively, is the correct funding request for those fiscal years. The data contained in the O&M Overview were prepared before the Marine Corps' Depot Maintenance program for FY 1986 and FY 1987 was finalized. The finalized data are included in FY 1987 Presidents' Budget Request as contained in the Marine Corps O&M Justification Book on page 92.

Question. Is it, in fact, accurate to identify a financial backlog for Marine Corps depot maintenance in FY 1987 and, if so, what is the amount of the backlog, what types of equipment will be affected, and what will be the readiness impacts?

Answer. There is no projected financial backlog in our depot maintenance program for FY 1987.

REAL PROPERTY MAINTENANCE

Question. The FY 1986 Defense Appropriations added $6 million to your budget request specifically to help reduce the Marine Corps

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backlog of Maintenance and repair (BMAR). In examining your FY 1987 budget request, it was noted that your BMAR in FY 1986 increases from your initial budget request to the current estimate by $45,018,000 ($234,829,000 to $279,847,000) in spite of Congress having added the $6 million. Why does this occur?

Answer. BMAR grows when funds applied to maintenance and repair don't match requirements. Maintenance and repair requirements go up each year because of BMAR deterioration, increasing plant, complexity, aging, and human and technological factors (better inspections, higher standards, etc.). Historically we have underestimated BMAR. Since we submitted our FY86 budget request, we developed a new model to more accurately predict our requirements. This new model predicts FY86 maintenance and repair requirements to increase to $453.5 million. Since FY86 funding is only $173.6 million, BMAR is predicted to grow to $279.9 million. The $6 million added to our budget is helpful; and is greatly appreciated without it BMAR would have been projected to be $285.9 million.

Question. In FY 1987 you request growth of $23,509,000 ($129,300,000 to $152,809,000) for Recurring Maintenance and Repair and growth of $45,369,000 ($44,325,000 to $89,694,000) for major repair projects for total growth of almost $69 million. Considering this funding growth, why doesn't your request reflect a decrease in the BMAR, instead of a $21,760,000 ($279,847,000 to $301,607,000) increase?

Answer. BMAR grows when funds applied to maintenance and repair don't match requirements. Maintenance and repair requirements go up each year because of BMAR deterioration, increasing plant, complexity, aging, and human and technological factors (better inspections, higher standards, etc.). Historically we have underestimated BMAR. Since we submitted our FY86 budget request, we developed a new model to more accurately predict our requirements. This new model predicts FY87 maintenance and repair requirements to increase to $594.1 million. Since FY87 funding of $242.5 million does not meet our projected requirements, BMAR is predicted to grow to $301.6 million.

Question. Your budget request identifies the number of personnel (population served) who are supported with these Base Operations funds. The population served actually decreases from 187,501 to 185,401 from FY 1985 to 1987.

A. With the population decreasing, why does the amount of BOQ/BEQ floor space increase by 13 percent?

B. After constructing new BOQ/BEQ buildings, are you continuing to keep older, less energy efficient BOQ/BEQs open?

C. Weren't these new BOQ/BEQ buildings supposed to be replacements, not additional space?

Answer. The increased amount of BOQ/BEQ floor space reflects new construction which reduces—not eliminates—the existing deficit of floor space required to permit Marines to be housed according to habitability standards. That deficit is much larger than the amount of population decrease.

New construction provides facilities for existing deficits where facilities do not exist, or for the replacement of substandard facilities. For those projects providing replacement facilities, we are demol-

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ishing the existing substandard facilities. We do, however, keep some BOQ/BEQ structures and use them for other purposes, such as administrative or personnel support areas, after the billeting accommodations are met.

The BOQ/BEQ facilities deficits are programmed to be reduced by replacement of existing substandard facilities and by new nonreplacement constructions.

Question. Total floor space supported increases by approximately 6 percent from FY 1985 to 1987 and yet we note that your electricity requirements grow by almost 12 percent (from 747,473 to 833,149 MWH), and heating requirement by almost 8 percent. With all the new construction and renovations performed and resulting energy efficiency, the Committee would expect these utility requirements to go down, not up, or at least increase in proportion to growth in space. Why is this not the case?

Answer. There are two reasons why electrical consumption increases at a greater rate than growth in space despite the Marine Corps continued emphasis on energy conservation. They are (1) climatological fluctuation and (2) characteristics of new plant and equipment used by the Marine Corps.

Climatological fluctuation: We budget based on consumption rates for a typical year. Since FY85 is a prior year, we have actual data. In FY85, our utility usage was 17,709 MWH and 1,004,249 MBTU less than we had estimated. We attributed this to favorable weather conditions. Therefore, the difference is between what we consider to be a low usage year and an estimate for a normal usage year. Referring to the growth between FY86 and FY87 estimates, there is an increase in square footage of 2.8%. We increase electricity usage by 4.2% and heating by 2.5%. Our projection for heating has increased by less than the projected increase in square footage.

Characteristics of new plant and equipment: The reason electricity projections increased faster than square footage is that electricity not only heats and cools buildings, but also runs the equipment inside them. Also the characteristics of new construction are more energy intensive than the Marine Corps average. For example, in recent years the Marine Corps has made heavy investment in BEQ's. But now instead of BEQ's being open squad bays which are not air-conditioned, they are air-conditioned, motel-style rooms. This results in requirements for more electricity to operate the air-conditioning and other electrical equipment. On a square footage comparison, the new facility will be much more energy intensive than the old. Also, the increase in the use of computers throughout all the facilities of the Marine Corps increases the use of electricity in existing square footage. In many cases computers take electricity not only to run them but also for climatic control. We feel that for these reasons electricity usage will increase at a greater rate than the increase in square footage.

Question. Why, when there are no increases in administrative workload indicators, is there a growth of over $4 million in excess of standard inflation for administration?

Answer. The $4 million cited in the question, which is referred to as "growth", is actually attributed to that share of the foreign currency fluctuation adjustment applicable to administration which was displayed in the Foreign Currency Fluctuations program pack-

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age in FY 1986. The administrative workload indicators referred to above are from the Base Operations-General Purpose Forces program package. The FY 1987 column, in total, for this program package reflects the foreign currency fluctuation adjustment of +$44 million which, due to budgetary display convention, is contained in the Foreign Currency Fluctuations program package in FY 1986.

Question. In the FY 1985 estimate of the FY 1986 request you estiamted $19,922,000 was needed to operate and purchase furniture for a total of 120,550 BOQs/BEQs. You actually funded $33,459,000 (68 percent higher) for only 99,169 quarters. In FY 1986 your current estimate of $21,291,000 is 20 percent higher than your initial FY 1986 request of $17,740,000 and the current number of quarters (114,218) is 11 percent less than your initial estimate (127,818). What caused these wide variations?

Answer. The number of available BOQ/BEQ spaces decreased from previous levels due to the razing of facilities in preparation for new construction and to bring existing facilities into conformity with DoD minimum standards of adequacy. Available spaces will continue to fluctuate as new facilities are built or existing facilities are modernized.

During FY 85, funds were extended for BOQ/BEQ operations and reduction of furniture deficiencies. Only 44% of the total furniture requirements were funded. Furniture deficiencies were carried over and included with FY 86 requirements which were 25% funded. Because of the continued delay in replacing unserviceable furniture and rising procurement costs, the net effect of funding shortfalls is a negligible reduction of the backlog.

Question. What is the basis for your requested increase in FY 1987 for both funding and the number of BOQ/BEQ quarters?

Answer. The FY 1987 funding level wiil reduce a portion of the requirements the field activities identified for planned replacement, augmentation or refurbishment of Personnel Support Equipment (for BOQ/BEQ and Messhall and Administrative Office furniture) during the annual physical inventory.

Question. Why should the Committee fund the FY 1987 growth of $7,654,000, when it is obvious that the Marines will be able to finance this requirement from within available resources as they did in FY 1985 and 1986?

Answer. In FY 1985, 44% and in FY 1986, 25% of the field activity requirements were funded. Requirements not funded in the fiscal year, as planned, are delayed until funds may become available. An increasing backlog of furniture requirements, together with higher procurement costs have reduced the actual available resources. Funds will also be used for refurbishment, an alternative to offset acquisition costs yet improve quarters habitability and quality of life.

Question. Provide the major changes resulting in the increase in both funding and number of projects for Minor Construction from FY 1986 to 1987?

Answer. There have been no major changes to precipitate the increase in minor construction projects. With our emphasis on maintenance and repair work this program has been historically underfunded. The escalating backlog of projects was starting to have a

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significant adverse impact on our operations. By the end of 1986, we project a backlog of minor construction projects of over $25 million. This is in addition to new project requirements in FY 1987 of over $25 million. The requested funding level will allow us to fund the most urgent requirements and to reduce the backlog of unfunded projects to a small degree. These minor construction projects support new weapon systems and missions, allow us to make more efficient use of our major repair dollars, replace small deteriorated facilities, and allow us to provide timely response to urgent facility needs.

The following chart displays the change between the FY 1986 and FY 1987 minor construction program:

[Dollars in thousands]

	FY 1986	Change	FY 1987
Total Funding	$17,825	$15,275	$33,100
Number of Projects Programmed	227	128	355
Projected Backlog	$25,000	($8,100)	$16,900

In Feb. 1986, GAO reviewed the Marine Corps minor construction program. The following comments were made at the out brief:

> Best controlled of all service programs; a model for the others to follow.
>
> Only service that placed a heavy emphasis on operational readiness as a first consideration.

Question. For Other Base Services, your FY 1986 budget request estimated that you would own 5,101 and lease another 21 cargo vehicles. Your current FY 1986 estimates shows that you now own 5,645 cargo vehicles and that you now lease 64 cargo vehicles.

A. What caused this very wide variance in estimates?

B. Why do you need to increase the number of leased vehicles by 43, a 200 percent increase, at the same time the number of owned vehicles is increasing by 544?

C. What drives the increase in leases from FY 1985 to FY 1986?

D. How confident is the Marine Corps of its FY 1987 estimates of numbers of vehicles?

E. If the Committee directed the Marine Corps to eliminate all vehicle leases in FY 1987 because of growth in vehicles owned, how much would that save and what would be the impacts?

Answer. A. The variance in estimates is due to a change in data collection. The program has now been placed in a central data base and up-to-date information is readily available vice the information previously submitted by mail reporting six months old data. In addition, the FY 1986 budget request reflected only those vehicles in the inventory at the time the budget was developed. The current FY 1986 estimate includes those vehicles currently in the inventory plus purchased vehicles to be delivered during FY 1986.

B. The leased data reflected in the FY 1986 budget request was based on current leases and an anticipated level workload for FY 1986. The number of leased vehicles increased in FY 1986 due to the hiring of temporary employees to accommodate increased maintenance workload at Marine Corps Base, Camp Lejeune and

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Marine Corps Air Station Cherry Point. The increase in the number of owned vehicles is directly related to the change in reporting methodology.

C. The increases are directly related to the hiring of temporary employees to perform real property maintenance operations.

D. The Marine Corps has revalidated the estimates in FY 87 and is confident that the estimates are accurate.

E. The growth in vehicles owned from FY 1985 to FY 1986 is related to increased workload and mission functions at various Marine Corps activities. The increase in the FY 86 estimate is directly related to the change in reporting methodology. To eliminate all vehicle leasing in FY 1987 would make it impossible for the Marine Corps to perform its mission in certain administrative areas. For example, the Marine Corps Finance Center, Kansas City leases its vehicles because leasing is more economical than buying, as the Center has no capability to maintain them other than through a commercial vendor. To terminate all leasing in FY 1987 would result in an apparent gross savings of $121,883. However, some other means would have to be provided for transportation requirements.

Question. Provide a list of equipment funding for new construction projects, by project for FY 1986 and FY 1987 to include project completion dates to justify the increase of $517,000,000? Is your FY 1987 schedule for completion of these construction projects still accurate?

Answer. The increase for collateral equipment was not $517,000,000 but $517,000.

FY 1986	$9,801,000
FY 1987	10,437,000

Listings for the FY 86 and FY 87 military construction projects which require funding follow. The projected on-line dates ("Beneficial Occupancy Date (BOD)") reflected for FY 1987 are on schedule; size modifications, bad weather or other contractual problems could cause the BOD to fluctuate slightly.

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NEW CONSTRUCTION FY 1986
($000)

PEN	PROJECT NO.	ACTIVITY	BOD	PROJECTED COST
2	P-054	MCB, CAMP LEJEUNE	NOV 86	55,000
2	P-517	MCB, CAMP LEJEUNE	JUN 86	65,290
2	P-527	MCB, CAMP LEJEUNE	JUN 86	120,000
2	P-624	MCB, CAMP LEJEUNE	OCT 86	300,000
2	P-631	MCB, CAMP LEJEUNE	OCT 86	780,000
2	P-802	MCB, CAMP LEJEUNE	AUG 86	1,051,000
2	P-808	MCB, CAMP LEJEUNE	SEP 86	61,700
2	P-129	MCB, CAMP PENDLETON	SEP 86	12,700
2	P-136	MCB, CAMP PENDLETON	NOV 86	186,000
2	P-899	MCB, CAMP PENDLETON	APR 87	105,000
2	P-837B	MCAS, CHERRY POINT	AUG 86	76,000
2	P-253	MCAS, BEAUFORT	DEC 86	3,500
2	P-287	MCAS, BEAUFORT	AUG 86	6,000
2	P-320	MCAS, BEAUFORT	DEC 85	20,000
2	P-351	MCAS, BEAUFORT	DEC 86	5,000
2	P-353	MCAS, BEAUFORT	FEB 87	35,000
2	P-354	MCAS, BEAUFORT	JAN 86	191,500
2	P-048	MCAS, EL TORO	MAR 86	253,370
2	P-277	MCAS, EL TORO	DEC 65	3,690
2	P-150	MCAS(H), TUSTIN	JUN 86	131,000
2	P-090	MCAS, YUMA	FEB 87	789,655
2	P-390	MCAS, YUMA	AUG 86	231,000
2	P-211	MCAS, NEW RIVER	MAR 87	28,410
2	P-068	MCAGCC, 29 PALMS	JAN 87	199,000
2	P-278	MCAGCC, 29 PALMS	DEC 86	131,000
2	P-286	MCAGCC, 29 PALMS	DEC 86	156,000
2	P-291	MCAGCC, 29 PALMS	JAN 87	150,000
2	P-377	MCAGCC, 29 PALMS	JAN 87	37000
2	GOJP	CAMP BUTLER	MAY 87	4,000,000
2	UMMP	CAMP BUTLER	JFY86	210,000
2	P-284	MCAS, OKINAWA	FEB 87	12,490
2	P-292	MCAS, OKINAWA	FEB 87	17,080
2	P-032	CAMP SMITH	FEB 87	19,150
2	P-758	MCAS, IWAKUNI	FEB 87	2,400
2	P-762	MCAS, IWAKUNI	JUN 87	17,000
2	P-788	MCAS, IWAKUNI	APR 86	6,560
2	P-502	MCAS, KANOEHE	JUN 87	235,905
2	P-522	MCAS, KANEOHE	MAR 87	10,000
2	P-536	MCAS, KANEOHE	MAR 87	21,000
2	P-539	MCAS, KANEOHE	JAN 87	28,000
2	P-577	MCAS, KANEOHE	APR 87	37,600
			TOTAL:	9,801,000

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NEW CONSTRUCTION FY 1987
($000)

PEN	PROJECT NO.	ACTIVITY	BOD	COST
2	P-027	MCB, Camp Lejeune, NC	APR 87	62,300
2	P-031	MCB, Camp Lejeune, NC	APR 87	192,200
2	P-257	MCB, Camp Lejeune, NC	DEC 87	119,900
2	P-627	MCB, Camp Lejeune, NC	DEC 87	717,022
2	P-643	MCB, Camp Lejeune, NC	JUN 87	119,738
2	P-663	MCB, Camp Lejeune, NC	JUN 87	81,900
2	P-231	MCAGCC, 29 PALMS, CA	AUG 87	380,000
2	P-235	MCAGCC, 29 PALMS, CA	FEB 88	500,000
2	P-764	MCAS, CHERRY POINT, NC	JAN 88	45,200
2	P-808	MCAS, Cherry Point, NC	AUG 87	720,210
2	P-867	MCAS, Cherry Point, NC	JUN 87	133,500
2	P-873	MCAS, Cherry Point, NC	JUN 87	116,100
2	P-331	MCAS, Beaufort, SC	OCT 87	100,000
2	P-364	MCAS, Beaufort, SC	NOV 87	20,000
2	P-305	MCAS (H), New River, SC	JUN 86	102,800
2	P-410	MCAS (H), New River, SC	JUL 86	471,000
2	P-451	MCAS (H), New River, SC	AUG 86	7,900
2	P-356	MCB, CAMP PENDLETON, CA	DEC 87	105,000
2	P-609	MCB, CAMP PENDLETON, CA	DEC 87	20,000
2	P-688	MCB, CAMP PENDLETON, CA	JAN 88	51,000
2	P-689	MCB, CAMP PENDLETON, CA	JAN 88	74,000
2	P-690	MCB, CAMP PENDLETON, CA	JAN 88	26,000
2	P-905	MCB, CAMP PENDLETON, CA	FEB 88	906,500
2	P-961	MCB, CAMP PENDLETON, CA	MAR 88	86,000
2	P-612	CAMP ELMORE	DEC 86	10,000
2	P-614	CAMP ELMORE	DEC 87	53,800
2	P-360	MCAS, EL TORO, CA	SEP 87	13,800
2	P-149	MCAS(H), TUSTIN	JUL 87	168,800
2	P-158	MCAS(H), TUSTIN	JAN 87	36,800
2	P-249	MCAS(H), TUSTIN	JAN 87	67,900
2	P-168	MCAS, YUMA	AUG 87	81,000
2	P-395	MCAS, YUMA	JUN 87	2,000
2	P-398	MCAS, YUMA	JUN 87	6,000
2	P-401	MCAS, YUMA	OCT 87	192,000
2	P-406	MCAS, YUMA	OCT 87	175,530
2	P-396	MCAS, YUMA	OCT 87	180,000
2	P-432	MCAS, KANEOHE BAY	JUN 88	414,000
2	P-496	MCAS, KANEOHE BAY	AUG 88	120,000
2	P-530	MCAS, KANEOHE BAY	MAR 88	40,000
2	GOJP	CAMP BUTLER	APR 87	3,500,000
2	UMCP	CAMP BUTLER	GOJFY 87	100,000
2	P-285	FUTENMA	FEB 88	30,600
2	P-299	FUTENMA	MAR 88	20,700
2	P-532	OKINAWA	MAR 88	65,800
			TOTAL:	10,437,000

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MARINE CORPS O&M—GENERAL PURPOSE FORCES

Question. You request an increase of $906,000 in this activity group for cable plant upgrade. Provide a discussion of the requirement for this program and a funding profile for FY 1985, 1986 and 1987 by activity group.

Answer. Cable plant upgrade funds are required to support the expanding Marine Corps requirements for communications circuits within the intrabase cable network. The cable plant upgrade (both above ground and underground communications cables) funds are used to repair or replace existing outside telephone cable plants and provide additional circuits for expanding data traffic. Older cable plants are operating in a deteriorated condition. Failure to support this program will adversely impact upon telephone, teletype, base/station alarm systems and other sensing systems. As existing cable plants deteriorate, the Marine Corps Data Network will be adversely impacted upon, thus affecting the performance of data terminals.

Funding Profile: [1]

1985	$3,056
1986	1,072
1987	2,022

[1] Dollars in thousands. These funds are in budget activity 2—General Purpose Forces.

Question. You request an increase of $2,753,000 for "developing activity maintenance and repair plans * * * and to develop engineering data in support of * * * construction projects." These are not new requirements or programs, why do you require the increase?

Answer. This year, for the first time, we programmed for the design of some non-appropriated fund projects. In addition, there is a new requirement (DOD directive 1015.6 of Aug. 3, 1984) that construction inspection for non-appropriated fund projects must be funded with appropriated funds. The bulk of the increase, $2,020,000 is to fund these two new requirements.

The remainder of this increase ($733,000) will be used to improve the management of programming our major repair and military construction (MILCON) projects.

In the case of major repair, utility evaluations will be done to uncover impending underground failures so they may be corrected before major problems occur.

In the case of MILCON, additional initial planning will be conducted for complex MILCON Projects. This will aid in the development of planning cost estimates and in negotiating fees for design, and ultimately should result in a facility that will better meet our requirements.

Question. You request an increase of $4,600,000 for replacement, renovation and upgrade of food preparation and serving equipment, which will eliminate food waste * * * enable time and labor savings. Can you document the savings to be had in manpower and dollars?

Answer. Time and labor savings pertain to cost avoidance incurred from providing better service, increasing productivity, and offering more menu selections without increasing manpower requirements. These savings are considered intangible therefore they cannot be adequately documented.

[illegible] ONLY

Question. If so, identify the savings, by appropriation, for FY 1987 and annualized.

Answer. These savings cannot be identified by appropriation because they are cost avoidance type savings.

Question. Did you incorporate those savings in the FY 1987 request?

Answer. No. Cost avoidance type savings of this nature were not incorporated in the FY 1987 Food Preparation and Serving Equipment request.

Question. If you can't document the savings, how can you justify the expense?

Answer. New equipment will expedite personnel through serving lines, improve the quality of food served, present a pleasant atmosphere in dining spaces and comply with DoD standards. These quality of life improvements will increase morale and reduce the workload of mess personnel.

Question. In FY 1987, you request an increase of $8,112,000 for maintenance, utilities and other support for new facilities. This growth is on top of the $7,061,000 you requested for the identical purpose in FY 1986. Since your force structure is not growing, are not these new facilities just replacing older, rundown, less energy-efficient facilities, and would it not be more reasonable to expect a decrease in utility and maintenance costs?

Answer. New facilities replace inadequate facilities, reduce existing construction deficits, or satisfy new construction requirements. Only, about one-third of the FY87 military construction program was for replacement facilities. While our force structure has not changed significantly, our construction program has continued to add to the size of our physical plant. This growth is intended to reduce existing deficits (about 17 percent of total requirement), and to accommodate force structure changes. In addition, although our replacement facilities are more energy efficient, in many cases they are more complex and require higher energy consumption. Basically, this is one of the indirect costs of modernization. For example, replacement barracks have individual rooms and often are air-conditioned to improve the quality of life of our Marines. All this requires more energy.

Question. Your justification book identifies a total decrease of 8 training exercises in FY 1987 from FY 1986 levels. Why does your budget request fail to identify any associated dollar decrease?

Answer. A dollar decrease would not be prudent. The total number of exercises of all types forecasted to be conducted in FY87 is 204. Past experience has shown that the total number of exercises actually conducted will increase over this forecasted number. For example, our FY86 submission forecasted that a total of 176 exercises of all types would be conducted in FY85. The FY87 submission reports that 216 exercises were actually conducted in FY85. Further, the size and duration of Marine Air Ground Task Forces (MAGTF) exercises has increased as is evidenced by the steady increase in Battalion Field Training Days. In summary, although the FY87 forecasted level of exercise activity shows a modest decrease, we know from past experience that actual program execution will result in an increase in the number of exercises. We have therefore not requested a decrease in exercise funding.

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Question. Provide a funding profile for the MAU, MAB, MAF, and Regimental and Below exercises for FY 1985, 1986 and 1987.

Answer. There is no funding profile available for Marine Corps exercises by size of exercise or for total exercise costs. The Fleet Marine Force (FMF) units budget by decision units; e.g. equipment maintenance, operations, training, and supply support. The unit requirements are consolidated by the Commanding General, FMF Atlantic and the Commanding General, FMF Pacific and submitted to Headquarters, U.S. Marine Corps for formulation of the O&MMC budget. Estimates, included within the budget, for exercise costs reflect "level-of-effort" plus adjustments for any known program changes and price growth (inflation) changes.

It is noted that the number of exercises is a highly unreliable performance criteria as this number does not identify the scope, duration, location, etc. of exercises—which all affect dollar requirements. Battalion field training days (BFTD) are considered to be a more reliable performance criteria. The planned BFTD are as follows:

FY 1985	$5,223
FY 1986	5,667
FY 1987	5,958

Question. How were you able to increase the total number of exercises in FY86 by almost 30 percent (164 exercises to 212) from the initial FY86 budget request to the current estimate for FY86?

Answer. The answer to this question is related to my previous response on the number of exercises forecasted versus the number actually conducted. The total number of exercises of all types for FY86, shown in last year's submission, was a projection based on the Joint Chiefs of Staff and Unified Commander's exercise schedules and the training plans of our Fleet Marine Forces commanders. As a budget year is executed, exercise opportunities emerge. Other governments often request the participation of Marine forces (the Canadian Armed Forces have regularly requested the participation of Marine Corps aircraft detachments in Canadian exercises with little prior notice). Our forward-deployed Marine Amphibious Units conduct exercises in response to Fleet Commanders. Occasionally these are unscheduled. In summary, we expect to see growth in the total number of exercises, of all types, from the current estimate to the actual number executed. The growth is predominately in small-scale, Regimental and Below exercises. When unscheduled exercises are conducted, those forces participating are usually withdrawn from other, previously scheduled exercises. Though the total number of exercises will have increased, the funds required to support deployment, operations, and redeployment would remain relatively constant.

Question. In FY 1987 the number of general purpose forces training aircraft falls from 83 to 56, and the associated flying hours drop from 25,227 to 18,072. The resulting average flying hours increase from 304 hours per aircraft to 323 hours per aircraft.

a. What causes this growth?

b. What would be the training impact and dollar impact if we held flying hours to FY 1986 averages?

Answer. a. The growth in average flying hours per aircraft is not actively or consciously programmed, but is a factor of airframes on hand and pilot training requirements. As numbers of general purpose forces training aircraft decrease, this change is not necessarily reflected in parallel decreases in pilot training requirements. Relative stability in student throughput has resulted in an aircraft utilization increase as available airframes has decreased.

b. If flying hours were held to the FY86 averages the Marine Corps would not be able to train all the pilots assigned for fleet air training during FY87. This would have a serious impact on the number of pilots reporting to fleet squadrons and would ultimately impact primary mission readiness and the ability of the Marine Corps to perform its mission.

The dollar impact of holding flying hours to the FY86 averages is $37.3 million in the O&MN appropriation.

CENTRAL SUPPLY AND MAINTENANCE

Question. You request growth of $4,831,000 for contractor maintenance for the Maritime Prepositioning Ships (MPS) program. Provide for the record a track for FY 1985, 1986 and 1987 showing the availability of the MPS ships (by ship month) and the funds required for contractor maintenance.

Answer. Loadout and consequent attainment of an operational capability for MPS ships began during FY 1985 with seven ships having an aggregate availability of 41 ship months (contractor maintenance cost $2,925,000) and will be completed in FY 1986 for the remaining six ships giving an aggregate availability of 105 ship months (contractor maintenance cost $9,017,000). All ships will be available during FY 1987, giving an aggregate availability of 156 ship months (contractor maintenance cost $14,209,000). During 12 of the 156 ship months in FY 1987 cargo from the MPS ships will be ashore undergoing biennial maintenance, which will require a more intensive effort by the maintenance contractor than is possible during normal shipboard maintenance.

Question. Provide a breakout of the requirements driving the $28 million request for MPS recertification. How long will each of the seven ships be tied up for recertification?

Answer. The $28 million is required to support accomplishment of maintenance and inventory tasks for supplies and equipment, not possible aboard ship, and the discharge and reembarkation of cargo coincident with ship recertification, which makes this maintenance possible. Funds will pay for leasing of facilities, port services, stevedoring and port handling, shipment of replacement equipment and supplies, TAD and surge maintenance costs (excluding contracted maintenance services). A maintenance period of approximately 60 days per ship is planned to satisfy recertification requirements.

Question. Since seven of the MPS ships will be tied up in recertification, why do you require the $4,831,000 increase in contractor maintenance?

Answer. Maintenance requirements intensify rather than lessen during ship recertification. The offload of embarked supplies and equipment, coincident with ship recertification, will afford a unique

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opportunity to accomplish required cargo maintenance, inventory control and exchange of supplies and equipment, not possible while cargo is deployed aboard ships.

Question. The performance criteria for Supply Depot Operations consistently shows reduction in items received, issued, packed, shipped, inspected, etc., and yet there is no accompanying reduction in funds. Why?

Answer. The Supply Depot Operations funding profile includes Maritime Prepositioning Ships (MPS) contractor maintenance and biennial maintenance efforts which do not lend themselves to the established performance measurement reporting criteria for this program package. If the funds for these MPS efforts were excluded, the funding profile would reflect a reduction consistent with the reductions in the performance criteria ($46,670K to $43,487K for FY 1986 and FY 1987 respectively).

Question. Provide a detailed explanation of the request for $1,248,000 to restore an FY 1986 reduction for Navy Industrial Fund funded carryover in Other Logistics Support. What will this buy? Since your current FY 1986 estimate is almost identical to your initial request, there does not appear to be any such reduction?

Answer. A reduction of $1,200,000 was levied in FY 1986 by OSD Program Budget Decision for NIF funded carryover. This reduction was based on the estimated amount of customer orders received by industrial funds (and obligated by appropriate fund customers) for which work would not commence by the end of FY 1986, or if commenced, would not be completed by the end of the fiscal year. This Program Budget Decision directed such efforts were to be funded in FY 1987 so as to preclude any adverse impact on readiness. The +$1,248,000[1] does not represent an increase in requirements, but rather the funding of a deferred requirement resulting from the NIF funded carryover decision promulgated by the OSD Program Budget Decision.

Question. In your FY 1986 request you estimated FY 1985 funding for Other Logistics Support at $24,785,000, and yet you actually spent $33,134,000. For what were these additional funds spent? How does this affect FY 1986 and FY 1987 requirements?

Answer. Additional FY 1985 funds were spent for emergent requirements for the Missile Maintenance, LVT Management, and Technical Management Support, Radar Bomb Directing Set programs and for follow on logistical support for fielded weapons/equipments. The additional funds were used for specific one-time requirements which did not carryover into FY 1986 and 1987. Missile Maintenance funds were required to support handling and storage of an increased number of HAWK missiles at Red River Army Depot; the repair of HAWK training rounds to eliminate handling safety problems and the replacement of worn or corroded components of the Dragon missile bipod assembly. Radar Bomb Directing Set funds were spent to refurbish AN/TPB-1C Radar Bomb Sets to Condition Code "A" prior to conversion to the AN/TPB-1D Configuration. LVT Technical/Management funds were spent for urgent

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[1] Amount of $1,248,000 represents FY 1986 reduction ($1,200,000) plus price growth.

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program engineering support for the AAV7A1/LVT7A1 program at Oak Ridge National Laboratory, and for the completion of rebuild standards prior to the advent of the Inspection and Repair Only As Necessary (IROAN) program. Logistical support funds were spent for initial start up costs for the AN/TPB-1D software support, including establishing the Software Support Facility (SSF) for the AN/TPB-1D at Point Mugu, California, the Class V(W) Ammunition Planning Factors Study and logistical documentation to support acquisition of Unit Level Switch (ULS) related digital communication terminals.

CENTRAL SUPPLY AND MAINTENANCE BASE OPERATIONS

Question. You request an increase of $1,245,000 to fund collateral equipment for new construction projects to come on-line in FY 1987. Provide a list of equipment requirements by construction project to include the on-line dates used in computing the requirement for both FY 1986 and 1987.

Answer. During FY 1986 no projects in this category required collateral equipment funding. The funds requested for FY 1987 will provide equipment for the following two projects:

NEW CONSTRUCTION FY 1987

[Dollars in thousands]

Pen	Project	Activity	BOD	Cost
7	P-226	MCLB, Barstow, CA	August 1987	$475,000
7	P-407	MCLB, Barstow, CA	August 1987	770,000
	Total			1,245,000

Question. Are the on-line dates still accurate?

Answer. The on-line dates (Beneficial Occupancy Dates (BOD)) are accurate.

Question. How can you increase recurring maintenance/repair and major repair projects in FY 1987 by almost $7 million ($11,075,000 to $18,017,000) and yet reduce your BMAR by only $1.3 million?

Answer. We are predicting our new requirements will increase at the same time we experience a growth in funding. The net effect is that we will only be able to reduce BMAR by a small account. The $7 million growth in funding minus $5.7 million growth in new requirements equals a $1.3 million decrease in BMAR.

Question. Your current FY 1986 estimate of $11,075,000 has not changed much from your request of $10,901,000, and yet your projected BMAR for FY 1986 has increased by $2.7 million. What caused the BMAR growth?

Answer. BMAR growth is caused by deterioration of facilities, increase in facility size, and increase in facility complexity, as well the amount of funding available. Historically we have underestimated BMAR. Since we submitted our FY86 budget request ($10.9 million), we developed a new model to more accurately predict our requirements. We also obtained new historical requirements data. Based on these changes, our projected FY86 requirements increase.

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Thus, the increase in funds ($10.9 million to $11.1 million) was more than offset by this increase in projected requirements, and, as a result, we now expect our BMAR to also go up by some $2.7 million.

Question. What are the major minor construction projects driving the growth from $1,518,000 in FY 1986 to $3,637,000 in FY 1987?

Answer. The following list shows the anticipated minor construction program for FY87. The minor construction program is dynamic, responding to urgent facility needs. For this reason minor construction does not grow in a smooth funding ramp especially for a small program, but is heavily influenced by mission changes and emergent requirements:

Headquarters Controlled Minor Construction—($100,000 to $200,000)

	Thousands
AL608R—Parking lot addition Bldg 3700	$180
AL609R—Traffic flow improvements	110
AL615R—Upgrade welding shop bldg 2202	120
AL617R—Harden small arms shop, Depot Maintenance Activity (DMA)	185
AL700R—Expand child care center	185
AL701R—Construct a railroad spur	190
AL703R—Install test cells	170
AL704R—Construct clear span roofs	195
AL705R—Install sprinklers	195
AL706R—Pave Shaw road	150
AL725R—Install mechanical dewatering system	165
BA604R—Improve main gate traffic and security facilities	119
BA609R—Renovate Officers Club	161
BA610R—Replace BOQ bldg 10	195
BA611R—Install Uninterrupted Power Source (UPS) bldg 170	102
BA620R—Construct carports SNCO barracks	170
BA734R—Construct fire training tower	180
BA735R—Install street lights	190
BA736R—Renovate family services center	159
Subtotal Headquarters controlled minor construction	3,121
Locally controlled minor construction (less than $100,000)	516
Total	3,637

Question. What has caused the wholesale growth in Operations of Utilities performance criteria between the FY 1986 President's Budget and the FY 1987 request? For example, electricity MWH were 27,188 and 27,188 respectively for FY 1985/1986 and now they are 43,430 and 42,225.

Answer. The electricity usage estimates shown in the FY86 budget for FY 1985 and FY 1986 did not accurately reflect usage by budget activity, but the total usage for all budget activities did accurately reflect total Marine Corps usage. At the end of the FY85 we corrected this error by adjusting the utility estimates to reflect the actual FY85 data, and made our estimate for FY87 based on this more recent data. Overall, the entire electricity usage for the Marine Corps (all budget activities) only increased .9% and 3.2% in FY85 and FY86 between the FY86 and FY87 budgets, respectively. The budgeted cost (estimate, in FY86) is reduced in both years, as shown in the table below:

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	FY 85	FY 86
FY 87 Budget:		
MWH	897,299	958,797
In millions of dollars	60.4	68.5
FY 86 Budget:		
MWH	889,655	919,362
In millions of dollars	69.3	76.5
Increase (Decrease):		
MWH	7,644	29,435
In millions of dollars	(8.9)	(8.0)

[CLERK'S NOTE.—End of questions submitted by Mr. Murtha.]

Mr. MURTHA. We thank you both very much, Admiral and General.

The committee will adjourn until Wednesday at 10:00.

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TUESDAY, APRIL 22, 1986.

NATIONAL GUARD AND RESERVES OVERVIEW

WITNESS

OFFICE OF THE SECRETARY OF DEFENSE

JAMES H. WEBB, ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS

INTRODUCTION

Mr. CHAPPELL. The Committee will please come to order. This afternoon we will be discussing the Defense Department's 1987 plans for National Guard Reserve programs. Guard and Reserve units continue to play an increasing role in our defense posture. Nearly $16 billion has been requested for the Reserve component's personnel and operation and maintenance expenses. The total requested for Reserve and Guard programs, including procurement and military construction funds, is $19.8 billion. End strengths for the selected reserve increase 51,600 in the 1987 budget to a total of 1,186,200. This compares with approximately 2.2 million personnel on active duty.

We are pleased to welcome James Webb, Assistant Secretary of Defense for Reserve Affairs, and the Reserve component chiefs. We take note of the fact that Lieutenant General Walker will soon be stepping down as Chief of the National Guard Bureau after four years of tremendous growth and change. Thus, today will probably be his final appearance before this Committee. We hate to see you going out into the private sector and not giving us the direct benefit of your knowledge and experience.

We plan to proceed with Army and Air National Guard and Reserve issues followed by Navy and Marine Corps Reserve witnesses a little later. We have lots of ground to cover this afternoon, so we ask you to keep your prepared comments brief. The entire text of your prepared statements will be made a part of the record.

We are pleased to have you with us, and why don't you go ahead.

Mr. WEBB. Thank you, Mr. Chairman, and in deference to your busy schedule I will forego any oral statement.

Mr. CHAPPELL. Thank you, sir. Do you want to make any statement at all?

Mr. WEBB. No, sir. I think we all know why we are here and we know how tight your schedule is.

[The statement of Mr. Webb follows:]

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Mr. Chairman and members of the subcommittee:

It is a pleasure for me to appear before this committee and present an overview of the National Guard and Reserve since, I believe our reserve components represent the finest Reserve forces in the world. These forces perform peacetime missions every day in support of the Active force and are true partners in the defense of the United States.

While I am most pleased with the progress that has been made since 1980, in manning, equipping, and training the reserve components, there is still more to be done to further develop and sustain their peacetime and war fighting capability. My overview of the reserve components will address the progress we have achieved, plans for the future, and some of the remaining problems.

Army National Guard and Army Reserve

By the end of 1987, 51% of Army's combat forces and 52% of its support forces will be in the Army National Guard and Reserve. Currently, two round out brigades (the 27th Infantry Brigade of the New York Army National Guard and the 205th Separate Infantry Brigade) are being added to newly activated Active Army divisions. A tenth Army National Guard division, the 29th Infantry Division (Light), is being added to the structure. The Army reserve components now provide 50 percent of the Special Operations Forces, and ninety percent of the psychological operations and civil affairs units are in the reserve components.

During FY 1987, approximately $2.1 billion in new equipment is planned for issue to the Army reserve components, including the M60A3 tank, AH-1S and UH-60 helicopters, and Bradley Fighting Vehicle.

Modification of the AH-1G helicopters to the AH-1S will provide the Army reserve components with a modern attack helicopter. Helicopter attack capability will also be improved with the fielding of an AH-64 Apache helicopter battalion in the Army National Guard during FY 1987/1988.

The missile armament posture of the Army National Guard will be significantly enhanced with the delivery of the TOW-2 missile system beginning in FY 1986.

All eight Army National Guard Duster battalions will be modernized before the ROLAND Air Defense Missile system is phased out of the Army. Delivery of the first CHAPARRAL battalion's fire units will be completed in 1986, and the second battalion's fire units will be delivered early in FY 1987.

Increased Army National Guard and Reserve participation in field exercises has improved unit and individual capability. The number of Army Guard and Reserve units participating in training with overseas deployed forces increased from 117 in 1980 to 1,932 units/cells involving 26,228 personnel in 1985. During FY 1986, 1,869 units/cells involving 26,960 personnel, will train with overseas deployed forces. For the first time, a brigade size unit (the 32d Separate Infantry Brigade, Wisconsin Army National Guard) moving with all of its equipment and more than 5,000

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personnel participated in the Reforger Exercise in Germany. Reserve component participation at the Army's National Training Center continues to be stressed as one of the most productive training scenarios available. The National Training Center provides these units with the most rigorous combined arms training experience possible short of actual war. To further enhance Guard and Reserve field training, the Army reserve components will make greater use of the Multiple Integrated Laser Engagement System (MILES) equipment, a tactical engagement simulation system.

While Army Guard and Reserve maintenance personnel training on state-of-the-art equipment still remains a major problem, steps are being taken to provide hands-on training and instruction on modern equipment at Regional Maintenance Training Sites (RMTS). Pilot RMTS's are scheduled to begin operation in FY 1986 at Camp Shelby, Mississippi, and Fort Bragg, North Carolina, with a total of twenty-one budgeted to become operational by FY 1990. Other important training facilities for the reserve components include Regional Training Site-Medical, which provides Army National Guard medical units with complete sets of deployable medical system hospital equipment for training, and a Regional Training Center planned for Fort Dix, New Jersey, which will be a test-bed facility for developing skills through use of training devices and simulation techniques.

Naval Reserve

Modernization of the Naval Reserve Surface Force continues with the acceptance of four more FFG-7 Perry class frigates during FY 1986. With three additional FFG-7s and one FF-1052 to be transferred during FY 1987, the Naval Reserve Surface Force will have a total of seven FF-1052 Knox class and twelve FFG-7 Perry class frigates. The SH-2F helicopter is now operated by three Naval Reserve squadrons and is employed on board the Reserve frigates to round out their ASW capability.

In addition, the Naval Reserve will receive all 14 of the new construction MCM-1, Mine Countermeasure Ships, and all 17 of the new MSH-1, Minesweeper Hunter Ships. The first MCM is scheduled to be transferred to the Naval Reserve in FY 1988. By the early 1990's more than 50 ships of the emerging 600 ship Navy will be in the Naval Reserve. Three Salvage ships will enter the Naval Reserve Force in FY 1986. Two new Mobile Inshore Undersea Warfare Units will be organized in FY 1987 as this element of the Naval Reserve will increase from 17 units at the end of FY 1985 to 28 units by FY 1990.

Modernization of Naval Reserve aviation continues. The F-14 fighter was added to the Reserve Carrier Air Wings during FY 1985. The Naval Reserve is also transitioning from the A-7B to the more modern A-7E attack aircraft. Naval Reserve pilots have been training in the new F/A-18 aircraft for two years, and actual assignment of aircraft to the first Reserve Strike Fighter squadrons occurred in October last year. The Squadron Augmentation Unit concept initiated in FY 1984 also has been successful in enhancing the training of Naval Reserve augmentation aircrews in the same A-6, F-14, P-3C, SH-3H, S-3, and E-2C aircraft employed by their gaining squadrons. Two new Airborne Mine Countermeasure Squadrons, flying the RH-53D, will

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be added to the Naval Reserve, with the first one standing up in FY 1987 and the second in FY 1989.

The TACNAVMOD upgrade for the P-3A and B maritime patrol aircraft will be completed in FY 1986, and upgrading of the AQA-7 acoustic processor on these aircraft will continue. These improvements will provide us with an effective, current reserve component maritime patrol force. However, to maintain our capability to meet modernized Soviet submarine forces, as well as providing active and reserve compatibility, Naval Reserve transitions to the P-3C aircraft must be accomplished. Earmarking six of the P-3C aircraft in the Navy's FY 1986 procurement program for the Naval Reserve was a significant step toward achieving this goal. This is especially important, since the Naval Reserve provides one-third of the Navy's total maritime patrol capability.

During FY 1985 the last C-118 aircraft were retired and the final increment of the used DC-9s were procured to replace the limited airlift capability of the C-118's. Introduction of the two C-20A aircraft approved by Congress in FY 1986 will enhance the airlift capability of the Naval Reserve.

Marine Corps Reserve

Once viewed primarily as a source of pretrained manpower for active unit integration, the Selected Marine Corps Reserve now trains to operate as highly effective combat units. Today, Marine Corps Reserve units are committed to active force commands in contingency planning. In accordance with the "first to fight, first to be equipped" policy, the Marine Corps Reserve is receiving the types of major new ground equipment and weapon systems being introduced into the Marine Corps inventory.

To keep the Marine Corps Reserve adaptable to changing mobilization requirements, numerous structural changes are occurring. These include activation of the final and major portion of the 4th Medical and 4th Dental battalions, a Light Armored Vehicle (LAV) battalion, a Target Acquisition Battery for artillery, an additional extensive Alaskan arctic training environment location, and a Selected Marine Corps Reserve Reconnaissance unit established in FY 1985 in Anchorage, Alaska. The reorganization of infantry and direct support artillery battalions also enhanced the mobilization capability of the Marine Corps Reserve.

Three F-4 squadrons transitioned to the more modern F-4S fighter during FY 1985; eight new KC-130T tanker aircraft have been provided to the Marine Corps Reserve with two more scheduled for delivery in calendar year 1986. Current plans are for the Marine Corps Reserve to transition, after the active force upgrades, to F/A-18, AH-1T, CH-53E, and MV-22A aircraft. The Marine Corps Reserve will begin operations this year of an aggressor squadron equipped with the F-21A (KFIR) aircraft. The squadron will provide training support for both Active and Reserve units by exposing aircrews to adversary air combat tactics.

During FY 1985, Marine reservists trained in exercises throughout the world with their active force counterparts.

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During FY 1986, exercises will continue to emphasize providing a trained/operational ready Marine Corps Reserve in support of contingency plans and the Total Force Policy.

Air National Guard and Air Force Reserve

The combat capability of the Air Reserve Forces continues to improve. The Air National Guard and the Air Force Reserve provide 34 percent of the Air Force tactical fighter capability. Both are currently acquiring the highly capable F-16 fighter aircraft and upgrading the F-4 fleet, and the Air National Guard is acquiring the F-15 During FY 1986, the Air National Guard will receive the second and third F-16 squadrons. In FY 1987 the Air Force Reserve will receive its second F-16 squadron, and the Air National Guard will receive its second F-15 squadron.

Air Reserve Force units are also acquiring the C-5 and C-141 strategic airlift aircraft, as well as new C-130H tactical airlift aircraft. To enhance airlift capability, two C-141B squadrons are being established during FY 1986. Additional C-5A and C-141 aircraft will be transferred to the Air Reserve Forces as the active force acquires the C-5B and C-17 aircraft. Long-range plans call for the assignment of the C-17 to the Air Reserve Forces early in the next decade.

A comprehensive modification program for existing Air Reserve Force aircraft also is ongoing. Combat capability enhancements include equipping F-4 aircraft with new navigation and weapons delivery systems, Heads-Up Display (HUD), advanced AIM-9L air-to-air missile capabilities, low smoke engines, 10 Mil Bomb Sights, and improved radar warning receivers.

To provide meaningful and realistic training, Air Reserve Force participation in RED FLAG, overseas, and joint exercises has increased by 30 percent since 1980.

Coast Guard Reserve

The Coast Guard Selected Reserve strength increased to 12,600 personnel in FY 1985. Additional growth to achieve 13,000 is requested for FY 1987.

The Coast Guard Reserve is enhancing mobilization readiness through participation with both Active and reserve components of the Army, Navy, and Marine Corps in interservice exercises. Coast Guard Reserve readiness training also included augmentation of the active Coast Guard peacetime missions, having dedicated over 1.6 million Reserve man-hours in FY 1985. Total Force readiness exercises and active component mission integration will continue to play a major role in Coast Guard Reserve mobilization readiness training. Particular emphasis will be placed on training deployable Port Security Units, small boat crews, and forces that mobilize to Coast Guard Cutters.

FY 1987 BUDGET REQUEST

It is essential that sufficient funding be made available to man, equip, and train the National Guard and Reserve forces to ensure they can be integrated into the total military structure as fully functional units or as trained individuals. I ask your

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support for the Guard and Reserve programs we have presented to you in the FY 1987 Budget, so that we can continue our progress.

The specific estimates related to the National Guard and Reserve in the FY 1987 Budget Request are as follows.

Appropriation Summary

Table 1 depicts the Total Obligational Authority (TOA) by Reserve component.

Table 1
TOA, $ in Millions

	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
ARMY			
Military Personnel:	5,048.0	5,689.1	6,138.0
Reserve Personnel, Army	1,966.7	2,271.4	2,432.0
National Guard Personnel, Army	2,866.4	3,196.3	3,485.2
Active Component	214.9	221.4	220.8
Operation and Maintenance:	2,163.3	2,462.9	2,580.0
O&M Army Reserve	731.4	780.1	793.1
O&M Army National Guard	1,431.9	1,682.8	1,786.9
Military Construction:	167.9	163.5	207.8
Mil. Con. Army Reserve	69.3	61.3	86.7
Mil. Con. Army National Guard	98.6	102.2	121.1
Procurement:	2,238.6	1,888.4	1,586.2
Total Army	9,617.8	10,203.9	10,512.0
NAVY			
Military Personnel:	1,356.9	1,552.3	1,712.6
Reserve Personnel, Navy	1,146.9	1,349.2	1,527.6
Active Component	210.0	203.1	185.0
Operation and Maintenance:	809.6	912.7	975.9
O&M Navy Reserve	809.6	912.7	975.9
Military Construction:	49.8	32.5	24.7
Mil. Con. Navy Reserve	49.8	32.5	24.7
Procurement:	514.1	707.4	258.0
Total Navy	2,730.4	3,204.9	2,971.2

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	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
MARINE CORPS			
Military Personnel:	396.1	412.0	447.2
Reserve Personnel, Marine Corps	269.9	287.3	314.8
Active Component	126.2	124.7	132.4
Operation and Maintenance:	58.7	58.2	65.3
O&M Marine Corps Reserve	58.7	58.2	65.3
Military Construction:	11.0	9.3	19.8
Mil. Con. Navy Reserve	11.0	9.3	19.8
Procurement: (included in Navy)	-	-	-
Total Marine Corps	465.8	479.5	532.3
AIR FORCE			
Military Personnel:	1502.9	1,653.7	1,751.6
Reserve Personnel, Air Force	568.3	611.8	646.0
National Guard Pers., Air Force	885.2	994.4	1,058.9
Active Component	49.4	47.5	46.7
Operation and Maintenance:	2,702.4	2,715.9	2,908.3
O&M Air Force Reserve	877.8	902.7	975.6
O&M Air National Guard	1,824.6	1,813.2	1,932.7
Military Construction:	179.0	184.3	198.9
Mil. Con. Air Force Reserve	67.8	63.0	58.9
Mil. Con. Air National Guard	111.2	121.3	140.0
Procurement:	1,869.8	961.4	972.9
Total Air Force	6,254.1	5,515.3	5,831.7
OTHER			
Guard and Reserve Procurement:	380.0	1,501.8	-----
Total Other	380.0	1,501.8	-----

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	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
TOTAL DOD			
Military Personnel:	8,294.8	9,307.2	10,049.4
Reserve Personnel	3,951.8	4,519.7	4,920.4
National Guard Personnel	3,751.6	4,190.7	4,544.1
Active Component	591.4	596.8	584.9
Operation and Maintenance:	5,733.8	6,150.6	6,529.6
O&M Reserve	2,477.3	2,654.6	2,810.0
O&M National Guard	3,256.5	3,496.0	3,719.6
Military Construction:	407.7	389.6	451.2
Mil. Con. Reserve	197.9	166.1	190.1
Mil. Con. National Guard	209.8	223.5	261.1
Procurement:	5,002.5	5,059.0	2,817.1
Total DoD	19,438.8	20,906.4	19,847.3

ANALYSIS OF RESERVE COMPONENT GROWTH

The significant increases between FY 1980 and FY 1987 for the reserve components, as shown in the following table, is a positive indicator of the increased reliance on the reserve components as a peacetime partner and an immediately available wartime resource.

RESERVE COMPONENT BUDGET

TOA ($ in Millions)

	FY1980	FY1987	Increase	(%) 87 vs 80
Current Dollars:				
Military Personnel	$ 2,457	$ 7,517	$ 5,060	306%
Retirement Accrual	-	2,533	2,533	100%
Operational Maintenance	3,526	6,530	3,004	185%
Procurement	1,460	2,817	1357	193%
Military Construction	120	451	331	376%
Total (With Retirement Accrual)	$ 7,563	$19,848	$12,285	262%
Total (Excluding Ret. Accrual)	$ 7,563	$17,315	$ 9,752	229%

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	FY1980	FY1987	Increase	(%) 87 vs 80
Constant Dollars:				
Military Personnel	$ 3,877	$ 7,517	$ 3,640	194%
Retirement Accrual	-	2,533	2,533	100%
Operations and Maintenance	4,518	6,530	2,012	145%
Procurement	2,081	2,817	736	135%
Military Construction	159	451	292	284%
Total (With Retirement Accrual)	$10,635	$19,848	$ 9,213	187%
Total (Excluding Ret. Accrual)	$10,635	$17,315	$ 6,680	163%

RESERVE COMPONENT END STRENGTH

MANPOWER (In Thousands)

Selected Reserve	869	1,186	317	136%
AGR Included	23	76	53	330%

Guard and Reserve Facilities

Our FY 1987 military construction request is $451.2 million--a growth of approximately $62 million over the FY 1986 level.

My staff participates in the planning, programming, and budgeting of military construction. We do not direct the Services on what, where, and when to build. Rather, we carefully review their decisions, and support prudently justified projects which will improve mission accomplishment and permit realistic training.

My staff continuously monitors execution of the Military Construction programs, and has contributed to the FY 1985 execution of these programs being the highest within the Department. We are working on ways to further improve our execution rate, with a goal of 100 percent first year execution.

A major concern in the existing facilities program is the quantity of identified backlogs for both construction and repair. Current service estimates indicate that Reserve component construction backlog exceeds $3 billion. We have implemented procedures to validate and categorize the backlog and will subsequently develop plans for containment and systematic reduction of this backlog.

Procurement (National Guard and Reserve Equipment)

Last year I reported to you that we were making progress in closing the gap between Active and Reserve forces in terms of equipment fill rates and distribution. I am pleased to advise you that such progress has continued, with even greater momentum, throughout the past year.

We recently forwarded the FY 1987 report to Congress on the status of Guard and Reserve Equipment. This report is based on a

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representative sampling of 1,200 major line items of Guard and Reserve equipment. Within these selected items of equipment, the report shows that equipment valued in excess of $5.8 billion was distributed to the Guard and Reserve components during FY 1985 alone. Offsetting these additions, nearly $1.2 billion of equipment was removed from reserve component inventories, the majority of which represented equipment modernization actions. The resulting net gain to Guard and Reserve inventories was $4.6 billion, plus the intangible value of increased capability realized from the modern equipment.

Based on this representative sample, if the Guard and Reserve were to be mobilized at the beginning of the budget year (FY 1987), they would be able to field approximately 80 percent of their required equipment, in both numbers of items and dollar value. Through the use of available substitute items, this capability could be raised to approximately 86 percent. This compares to about a 90 percent equipment availability for the Active components for the same line items reviewed.

In addition to the equipment redistributed to the reserve components, mentioned above, approximately $5 billion was appropriated in FY 1985 and $5.1 billion in FY 1986 for the procurement of equipment which will be delivered to the Guard and Reserve in future years. The Department's procurement plan is contained in the P-1R report, which reflects the types, quantities, and costs of all equipment items which have been proposed for procurement for the reserve components. The report identifies almost $2.8 billion in FY 1987 procurement dedicated to the National Guard and Reserve:

- The Department of the Army has submitted budget requirements for $1.1 billion for the Army National Guard and $463.0 million for the Army Reserve, totaling nearly $1.6 billion.
- The Department of the Air Force budget proposals include $733.9 million for the Air National Guard and $239.0 million for the Air Force Reserve, totaling $972.9 million.
- The Department of the Navy has identified $106.2 million for the Naval Reserve and $151.8 million for the Marine Corps Reserve.

Even if we achieve 100% of our equipment distribution plans, serious shortfalls will still exist. As indicated in the Fiscal Year 1987 Guard and Reserve Equipment Report, a shortfall of $10.6 billion will remain after the end of Fiscal Year 1989, just within the 1200 line items included in the report.

Although we have made significant gains during the past year in both equipment availability and the management of this equipment, more remains to be done. First, we must achieve our equipment procurement and distribution programs. Secondly, we must improve our ability to identify, validate, and prioritize equipment requirements so that mission essential requirements are provided first, and maximum return in terms of military capability is achieved for each dollar expended. Lastly, we must develop better plans and methods for improving and expanding the capabilities of our on-hand equipment.

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Selected Reserve Personnel Strength

Between FY 1980 and FY 1985 Selected Reserve end strength levels increased by more than 25 percent. For FY 1987, we are projecting a strength increase of more than 51,600. This increase reflects the demands of new and expanded missions assigned to the reserve components and expansion of our full-time support capabilities.

In FY 1987 the growth in Selected Reserve end strength of 12,000 Army National Guardsmen and 17,000 Army Reservists is primarily for continued improvements in force readiness and further modernization of force structure. The increase of more than 13,000 in the Naval Reserve represents increased manning to meet wartime requirements. The Navy FY 1987 budget submission indicates that Selected Reserve strength is programmed to reach the full requirement by the end of FY 1987, with the exception of medical support and construction force activities which will be attained by FY 1989. The Marine Corps Reserve increase of about 1,400 Selected Reservists will meet requirements generated by additional unit activations and increasing ground combat and support capability. The Air National Guard and Air Force Reserve are programmed to increase their end strengths by approximately 4,300 and 3,100 respectively. These increases support force structure growth, modernization of aircraft, enhanced aerial port, aeromedical evacuation, and civil engineering wartime capability.

The Coast Guard Selected Reserve strength increased to 12,600 personnel in FY 1985. With the requested increase to 13,000 Selected Reservists in FY 1987, the Coast Guard Reserve will continue its gradual growth in order to reduce mobilization shortfalls.

Even in view of the training requirements associated with these significant total strength increases, our trained strength in units, as shown in Table 1, will continue to improve.

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Table 1
Trained Manning In Units Against Wartime Requirements

	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
Wartime Requirements in Units	1110.0	1131.5	1167.5
Selected Reserve End Strength	1088.1	1134.7	1186.2
Total Trained Personnel in Units	956.0	1009.2	1057.6
Percent Trained in Units	85.9	88.9	90.2

Table 2 depicts the Selected Reserve strength profile by reserve component.

Table 2
Selected Reserve End Strength
(Thousands)

	FY 1980* Actual	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
Army National Guard	366.6	440.0	450.5	462.8
Army Reserve	213.2	292.1	310.7	327.6
Naval Reserve	97.2	129.8	142.2	155.7
Marine Corps Reserve	35.7	41.6	43.0	44.4
Air National Guard	96.3	109.4	110.9	115.2
Air Force Reserve	59.8	75.2	77.4	80.5
DoD Total	868.7	1,088.1	1,134.6	1,186.2

* For consistency, FY 1980 strengths have been adjusted to include Navy Training and Administration of Reserves (TARs) and Category "D" Individual Mobilization Augmentees (IMAs).

Full-Time Support Personnel

Full-time support personnel perform the management, administration, training, equipment maintenance, and similar essential tasks associated with the readiness of the Guard and Reserve. Full-time personnel include Active Guard and Reserve (AGR) members (who are counted as part of the Selected Reserve), military technicians (civilians who are also Selected Reservists who would mobilize with the supported unit), active force members (who provide full-time interface and support but are counted as a part of active force end strength), and Department of Defense civilians (who provide full-time support in a strictly civilian capacity and would not mobilize with the unit).

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Full-time support personnel levels must also increase as the Reserve components expand in size.

From FY 1980 through FY 1985, AGR personnel strength grew by approximately 32,000. An additional increase of 9,400 is projected for FY 1986 and 12,000 for FY 1987. We are also requesting growth in the military technician program. Table 3 depicts the current plan for both the AGR and the military technician programs.

Table 3
Full-Time Support (End Strengths)
ACTIVE GUARD AND RESERVE (AGR)

	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
Army National Guard	21,059	23,731	28,721
Army Reserve	10,751	12,157	13,657
Naval Reserve	15,012	19,010	23,197
Marine Corps Reserve	1,134	1,475	1,782
Air National Guard	6,369	7,269	8,356
Air Force Reserve	570	635	676
Total DoD	54,895	64,277	76,389

MILITARY TECHNICIANS

	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
Army National Guard*	23,769	25,290	25,799
Army Reserve	7,857	7,623	8,032
Air National Guard*	22,145	22,242	22,532
Air Force Reserve	8,064	9,042	9,178
Total DoD	61,835	64,197	65,541

* Excludes non dual-status support technicians hired under Title 32.

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ACTIVE COMPONENT

	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
Army National Guard	973	782	784
Army Reserve	1,230	1,230	1,230
Naval Reserve	5,847	5,816	6,650
Marine Corps Reserve	5,180	4,765	4,978
Air National Guard	724	719	710
Air Force Reserve	743	640	609
Total DoD	14,697	13,952	14,961

Table 3 (Continued)
CIVIL SERVICE

	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
Army National Guard	2,124	1,763	1,754
Army Reserve	6,496	5,441	3,734
Naval Reserve	3,081	3,191	3,207
Marine Corps Reserve	221	256	256
Air National Guard	2,474	2,592	2,573
Air Force Reserve	4,772	4,211	4,542
Total DoD	19,168	17,454	16,066

We continue to support a mix of technicians and AGR personnel in the Army and Air Force reserve components based on their respective mission requirements. We will continue to press for a full-time support structure that includes cost, resource availability, deployability, and overall mission effectiveness as prime considerations.

Individual Ready Reserve

A major manpower challenge is the availability, at mobilization, of sufficient numbers of pretrained individuals to fill wartime shortages in active and reserve component units, to replace untrained or partially trained unit members, and to serve as initial casualty replacements. The Individual Ready Reserve (IRR) and military retirees constitute the bulk of this resource. To ensure the availability of these members and enhance their readiness, we must prudently manage this resource.

The Fiscal Year 1986 Authorization Act required the DoD to conduct a muster test of the Army IRR. The Army conducted that voluntary test for a portion of its IRR in January 1986, with more than 6,000 IRR members reporting for a one day muster. From this test, the Army is gathering detailed IRR personnel data; skill proficiency, physical conditioning, and attitudinal information; and other data that will be used to evaluate Army IRR members' availability and fitness for duty. The test also permits an examination of the adequacy of current IRR call-up procedures. The experience gained from this test will contribute to our new involuntary IRR annual reporting program.

Since current law and DoD policy requires the Services to continuously screen all Ready Reservists to ensure they meet wartime standards, in FY 1987, we will implement a new requirement for all IRR personnel to perform at least one day of active duty each year to accomplish mandatory annual reporting. Mandatory annual reporting will permit the evaluation of IRR skill proficiency, refresher training needs, and mobilization availability. It also will reinforce IRR members' cognizance of their legal obligation to notify their respective Service concerning changes in personal status.

While the IRR annual reporting requirement that will commence in FY 1987 is the most important action in our program, we are continuing with previous programs to ensure locatability, increase the numbers of personnel with needed skills, and address refresher training needs.

The Army, Navy and Air Force have applied IRR Reenlistment Bonus Programs designed to reduce specific shortages in combat and other critical wartime skills. Since the last quarter of FY 1984, when the program was first implemented, more than 6,000 servicemembers in combat and combat support skills enlisted in the IRR. Our two-tier reenlistment bonus program, beginning in FY 1986, will include a six-year enlistment option, not to exceed $1,500, in addition to the three-year enlistment.

One of our continuing concerns has been the availability and locatability of IRR members. In 1985, the Defense Manpower Data Center supplemented intensive Service efforts to locate IRR members by conducting file matches with other Federal agencies and with active duty files in an effort to obtain more up-to-date information. These efforts will compliment resource management initiatives and programs stemming from the annual screening requirement.

The readiness of the IRR depends in large measure on maintaining the skill proficiency and ability of members to perform their wartime tasks. The FY 1987-91 Defense Guidance directed the Services to evaluate IRR skill degradation, and to conduct appropriate refresher training programs, beginning in FY 1988.

Table 4 depicts the IRR strength profile by reserve component.

Table 4
IRR STRENGTH
(In Thousands)

Component	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
ARNG (ING)	10,744	9,600	9,700
USAR	301,825	318,900	336,100
USNR	71,462	84,500	93,800
USMCR	47,855	52,000	55,000
USAFR	45,983	39,200	42,500
TOTAL	477,869	504,200	537,100

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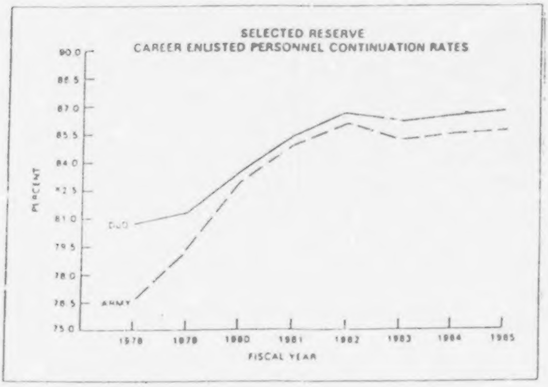
In order to verify our ability to notify IRR members and military retirees in the event of a mobilization or exercise, a study of the Mobilization Mailgram System was completed. The study revealed a substantial mismatch between DoD requirements and system capacity under peak mobilization conditions. However, a follow-up analysis based on voluntary improvements proposed by the Services and the commercial carrier reflects a significant increase in system capacity.

Recruitment and Retention

The ability of the reserve components to meet their strength goals is dependent in large part on their ability to control attrition. While unprogrammed attrition from the Selected Reserve continues at levels higher than we desire, between 1978 and 1985, the number of enlisted accessions (Non Prior Service plus Prior Service) for the reserve components increased by 14 percent. At the same time, end-strength increased by 38 percent. It is clear that much of the sustained growth in the Selected Reserve end-strength must be attributed to reduced attrition.



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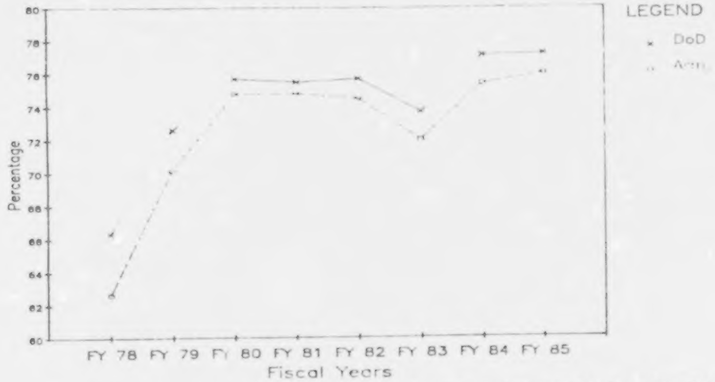
Among personnel with less than six years of service, improvement in continuation has been less uniform and we remain concerned with losses prior to completion of the initial term of service. The following shows continuation rates for individuals having less than six years of service between 1978 and 1985.

PERCENTAGE
CONTINUATION RATES
FOR SELECTED RESERVE*
(Less than 6 years of service)



*Years of Service from Pay Entry Base Date

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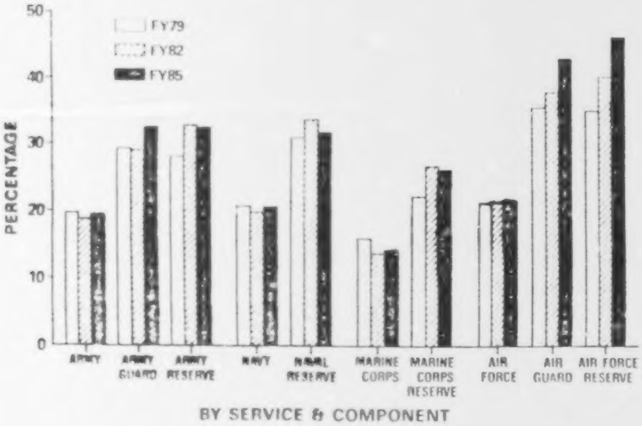
While reduced attrition has assisted us in meeting our end strength goals, it has created the problem of an aging force, as shown in the charts below. We are retaining more older people and aging the younger ones. The active components officer force has approximately 1 out of 5 (20%) officers over the age of 40, while the reserve components have approximately 2 out of 5 officers over the age of 40 (40%). A similar trend can be seen in the enlisted force with the active components having approximately 1 in 25 or 4% over the age of 40 while the reserve components have 4 in 25 or 16% over the age of 40.

OFFICER
PERCENT AGE 40 AND OVER



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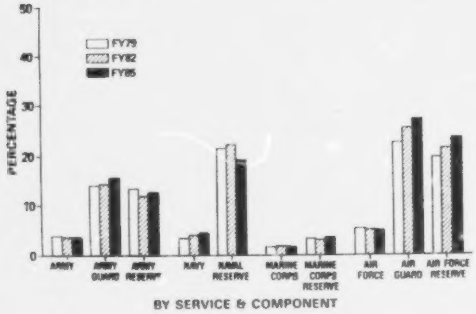
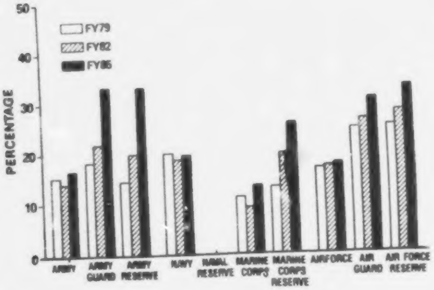
ENLISTED
PERCENT AGE 40 AND OVER



One of the significant problems of the aging force is the trend in the age of our pilots. The following chart shows the aging from FY 1979 to FY 1985 for both the active and reserve components. While the overall trend has seen an increase in the age of pilots in both the active and reserve forces, the trend has been more pronounced in the reserve components. In FY 1979, approximately 17% of the active force pilots were over the age of 40. This has increased to approximately 20% for FY 1985. In the reserve components, the percentage has increased from 31% in FY 1979 to approximately 40% for FY 1985. No specific data is available for the Naval Reserve due to lack of age statistics.

PILOTS
PERCENT AGE 40 AND OVER



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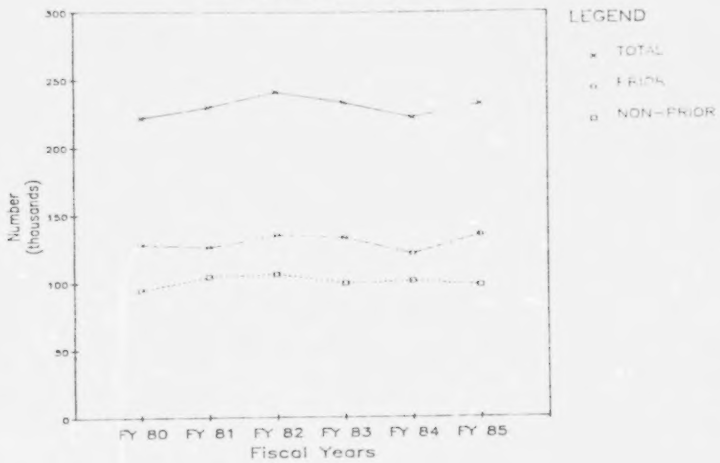
We must carefully watch this aging trend to ensure that we maintain a viable force. In addition we must further develop our analysis to examine its impact in combat, combat support, and combat service support areas, and to assess the degradation of readiness that may accompany an increasingly older force. In this regard, this office will continue to monitor very closely the Army's over 40 screening program.

Since 1982, widespread expansion in the civilian economy and a decline in the size of the youth population have worked against recruiting and retention efforts undertaken by the reserve components. In the absence of any offsetting factors, these trends might have been expected to result in a substantial decline in the number and quality of non-prior service accessions. Instead, the number of non-prior service recruits has declined only slightly and we have continued to achieve our increasing total end-strength objectives.



TOTAL DOD ENLISTED ACCESSIONS
Selected Reserve

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In addition, the quality of accessions increased over the previous year. Eighty-eight percent of all enlistees were high school graduates compared to 85 percent in FY 1984. Eighty-nine percent scored average or above on the enlistment test (Categories I through III) matching FY 1984 results. Black enlistments accounted for 20 percent of all accessions, and women accounted for 12 percent. These proportions were approximately the same as in FY 1984. The following Table reflects the current profile of quality enlistments in the Selected Reserve.

Table 5
Selected Reserve Enlistments (DOD)
Quality Indicators

	FY 1980		FY 1985	
Quality Indicators	Number	Percent Of Total Enlistments	Number	Percent Of Total Enlistments
High School Graduates*	168,500	76	204,200	87.9
AFQT I-III**	172,200	78	207,300	89.2

* Includes equivalency certificate and diploma graduates, and best available estimates of those high school students who enlisted prior to their graduation and were expected to graduate.

** AFQT Categories I-III include enlistees who scored average or above on the enlistment test.

Impact of Recruiter Resources

Increases in the number of reserve component recruiters appears to have played a particularly important role. The number of recruiters increased by 15.3 percent between 1978 and 1982 and then rose by 42 percent between 1982 and 1985.

To verify our beliefs concerning the impact reserve component recruiters have had on the numbers of high school graduate non-prior service recruits accessed, the Rand Corporation is analyzing the character of Selected Reserve NPS accessions as well as the significant differences in the dynamics of active and reserve force recruiting of NPS members. This information will form a basis for use in forecasting future NPS accessions for the reserve components. Preliminary results from this analysis should be ready in June of this year.

The advertising program for the reserve components is built around a national advertising plan complemented by local advertising and active public service campaigns. Particularly important is the Joint Reserve recruiting advertising resources available to the reserve components. Approximately $8.0 million requested for this program in FY 1987 builds our advertising buying power to levels that permit an effective reserve component recruiting program, targeted particularly to the faltering non-prior service market.

Last November we transmitted to the House and Senate Committees on Armed Services a comprehensive report on recruiting and retention resources for the reserve components. Our study

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concluded that increased resources and expanded incentives, such as the reenlistment and affiliation bonus programs, have played a crucial role in enabling the reserve components to meet our increasing manpower requirements. The benefit to the Selected Reserve has been to produce longer and higher quality enlistments and reenlistments. The following Tables provide an overview of the Selected Reserve incentive program and funding levels.

Table 6
Selected Reserve Incentives

Enlistment Bonus	Educational Assistance*	Reenlistment** 3 Yrs	Reenlistment** 6 Yrs	Affiliation*** Bonus	Loan Repayment
Up to $2,000	Up to $4,000 for expenses incurred	$2,500	$5,000	$25/Month	15% or $500 of balance of loan for each year served

* The current Educational Assistance Program was suspended for 3-years coincident with the effective date of the Selected Reserve GI Bill on 1 July 1985.

**FY 86 Authorization Act increased the 3 year bonus amount from $900 to $2500 and the 6 year bonus amount from $1800 to $5000.

***FY 86 Authorization Act increased the bonus from $25 per month to up to $50 per month.

Table 7
Ready Reserve Incentive Program
(Thousands)

	FY 1985 Actual	FY 1986 Estimate*	FY 1987 Estimate*
Army National Guard	55,562	67,512	68,029
Army Reserve	23,152	31,955	34,087
Naval Reserve	5,561	11,413	11,257
Marine Corps Reserve	3,323	4,214	3,080
Air National Guard	7,372	8,353	8,937
Air Force Reserve	2,530	5,157	6,565
DoD	97,500	128,604	131,955

*Revised 86 Column, FY 1987 President's Budget

Last year, the Congress provided us with authority to continue our incentive programs through September 30, 1987. Also, a new prior service enlistment bonus was approved. Student loan repayment authorities were extended to health professional officers in the Selected Reserve who possess critical combat medical skills, and authority to offer a stipend to students in critical medical disciplines who affiliate with the Selected Reserve was approved.

The provisions contained in Public Law 99-145 for expansion of enlistment and reenlistment bonus ceilings, the new prior service bonus to attract veterans with critical skills, and the

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extension of loan repayment to officer personnel in the health professions will assist in meeting the growing Selected Reserve manpower requirements.

Program Initiatives

We are considering legislative proposals to pay a Selective Reenlistment Bonus (SRB) to Training and Administration of Reserves (TAR) and Active Guard/Reserve (AGR) members in designated high technology skills in high priority units. A special incentive pay for enlisted members of particularly hard-to-man units is also a part of our legislative program. The Navy plans to use this authority as an incentive for seagoing Naval Reservists.

Legislative Proposals

There are several important legislative proposals for your consideration:

Reserve Jurisdiction - Uniform Code of Military Justice

The 1984 Court of Military Appeals decision in the case of *U.S. vs. Caputo*, was the catalyst for this proposal and lends urgency to its early enactment. *Caputo* holds that any change in the duty status of a reservist (i.e., the end of a period of inactive duty training or completion of active duty for training) constitutes a break in service, and that personal and subject matter jurisdiction cannot be revived upon the reservist's subsequent return to an inactive or active duty status. This would require that all offenses under the Uniform Code of Military Justice (UCMJ) be processed during the inactive duty period or tour of active duty in which they were committed, or that an individual be held after such a period in order to prevent his or her "status" from being interrupted. We believe it is essential that the reserve components be subject to the same disciplinary standards as the active forces when they are in a duty status.

The proposed Reserve Jurisdiction Act provides that UCMJ jurisdiction at the time of commission of an offense may not be defeated by virtue of the termination of a period of active duty or inactive-duty training. It also eliminates the obsolete requirement that jurisdiction over offenses committed by reservists on inactive-duty training be conditioned on the voluntary acceptance of orders stipulating to such jurisdiction.

Reserve Officer Personnel Management Act

The second proposal deals with our system for managing reserve officer personnel. A comprehensive law providing the basis for the appointment and career management of reserve officers was first enacted in 1954. Only piecemeal adjustments to that legislation have been made during the ensuing 30 years. We have worked to produce a comprehensive Reserve Officer Personnel Management Act (ROPMA), designed to provide compatible personnel systems for all officers, whether on the active duty list, the reserve active duty list or the reserve active status list.

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In December, we forwarded the ROPMA proposal to the Congress. I believe this important legislation deserves your early consideration. It will revise and update the laws which govern the appointment, promotion, separation and transfer to the Retired Reserve of reserve commissioned officers of the Army, Navy, Marine Corps and Air Force. It will also provide a system for long-range planning essential to providing reserve officers with attractive and meaningful careers, and to attract and retain officers of the proper age and grade, who possess the skills and experience the reserve components need.

Health and Disability Coverage

Finally, I continue to be concerned about the adequacy of current statutes regarding health and disability coverage for Guard and Reserve members. While important improvements have been made in recent years, benefits and entitlements for reservists vary by the type of orders, duty status and the period of time the member is ordered to active duty.

This issue has received some attention by all the Services in light of increased reliance on the reserve components in the Total Force and the participation of reservists in hostile fire operations in Grenada and Lebanon. Benefits and entitlements are specific by public law. Recent actions of the Congress have made progress in this area and we are considering the desirability of further legislative changes, as well as a common standard to be used by the Services in interpreting and administering regulations, to assure equal protection for all personnel.

A related concern is the protection of reservists who may be missing, detained, or held captive by a hostile force or in a foreign country. We are reviewing a legislative proposal to provide authority to call to, or continue on, active duty members who may be involved in such incidents while on training duty or enroute to or from such duty.

Family and Employer Support

We have continued our effort to assist the reserve components in communicating the vital role of the National Guard and Reserve to audiences including the active force, reserve component members and their families, employers, public opinion leaders and the general public.

Among the most important audiences are the families of National Guard and Reserve members. Family attitudes exert a major influence on the retention of military personnel. The 1986 Reserve Components Survey is now going to the field. In addition to important data relevant to compensation, entitlements, training and readiness, the resultant information will assist us in developing programs to improve family support and understanding, and as a result, improve retention. It will also give us needed planning data to ensure we can provide necessary support for Guard and Reserve families upon mobilization.

We have implemented the pre-enrollment of members of the Selected Reserve and their dependents into the Defense Enrollment Eligibility Reporting System, commonly known as DEERS. Phase I, which should be completed by the end of March 1986, involves 200,000 members of high priority units plus their dependents.

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The pre-enrollment will ensure that family members of mobilized reservists have the proper medical benefits available to them, the same as active force dependents once mobilization begins.

Our National Committee for Employer Support of the Guard and Reserve has an established network of state-level committees and nationwide programs to gain and maintain public and employer awareness and support. Non-paid, volunteer membership on these committees now numbers over 3,000 and includes influential business, labor, and civic leaders.

The Committee directs a nationwide public service advertising program sponsored by the Advertising Council. This year, some 900 television and more than 5,000 radio stations will broadcast Public Service Announcements. Printed materials were furnished to more than 9,000 daily and weekly publications. Our 1986 advertising strategy will continue to focus on the contemporary roles and missions of the reserve components.

The 1985 Association Liaison/Exhibits Program provided employer support exhibits at 14 national and international professional and business association conferences. Special recognition presentations were made to chief executive and public relations officers of 22 major associations. The Direct Mail Information Program provided employer support information packets to many thousands of employers in selected states. Certificates of appreciation were presented to 13,500 employers nominated by their reserve component employees for their support of participation in the National Guard and Reserve. One hundred and sixty state Chairman's awards and 31 PRO PATRIA awards were presented to employers whose supportive efforts were exceptionally meritorious.

Existing evidence indicates that approximately one-third of the losses incurred by the National Guard and Reserves are the result of conflicts between reserve component military duty and the full-time civilian employment of Guardsmen and Reservists. The resultant reserve component losses increase costs and reduce readiness.

The National Committee's Ombudsman Program effectively resolved hundreds of employee/employer problems. There is close coordination with, and excellent support from, the U.S. Department of Labor. The employment protection programs administered by the Labor Department not only provide equity in accordance with statute and case law, but also show an enforcement presence that assists DoD in its recruitment efforts. We have assigned a reserve legal officer as liaison to the Department of Labor and assisted Labor in preparing supplemental guidelines on employment protection for reservists.

Improving the Readiness of the Reserve Components

One thing that became readily apparent to me after I took office is the need to determine and resolve conditions that cause or limit the readiness posture of the National Guard and Reserve. We are building a data base as a foundation for making such determinations by collecting information on the mobilization

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missions of National Guard and Reserve units, deployment requirements, and the time sensitive nature of these missions. In addition, we have developed an automated capability to examine and analyze the data in the Unit Status and Identity Report System. This data base enables us to identify areas causing degraded readiness and target resources to correct shortages and improve the capability of our units.

On the training aspect of readiness, we recognize that the reserve component training environment is quite different from that of the Active force.

A key to effective training in a part time and widely dispersed environment is the careful application of modern training devices and simulators that can be developed or tailored to provide realistic training for the reserve components. My goal in the application of training technology is to bring about an understanding of unique reserve component training needs within the government, the military, and the industrial training simulation development communities to ensure that the needs of the Guard and Reserve are fully met. To achieve this end, I have been successful, through membership on the Department of Defense Steering committee on Training and Training Technology, in establishing a subcommittee on Guard and Reserve Training. The function of the subcommittee will be to highlight and fully support research, development, and procurement of training technologies that will provide effective, state-of-the-art training for each of our reserve components in their respective training environments.

We also are presently undertaking our own study to develop a methodology to analyze and determine the reserve components' current and future requirements for training devices.

Early indications are that "arcade game" technologies have the potential to provide a "family" of low cost and versatile individual skill training devices for our armories and centers. In addition, I believe that unit-size simulators and devices must be developed and distributed to regional sites in order that effective maneuver training can be accomplished at acceptable cost.

Reserve Component Medical Readiness

The ability to respond quickly to a wartime casualty flow is one of the most serious concerns within the Department of Defense, and it has been the subject of much effort by the Assistant Secretary of Defense for Health Affairs and my office. Therefore, the final issue I would like to discuss today concerns medical readiness.

Medical readiness has been, and continues to be, one of my top priorities since reserve component resources comprise more than 50 percent of the Services' total medical capability in wartime. Many reserve component medical units have early deployment dates and must be available in-theater to treat the casualties expected in the initial phases of combat operations. In addition, reserve component medical units and individuals not currently assigned to units would either deploy overseas or, in some cases, fill jobs vacated by deploying active force personnel.

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My major concern is the mobilization potential and readiness status of reserve component medical units. Consequently, we have been working closely with Dr. Mayer and his staff to establish definitive wartime requirements for medical personnel, equipment, and evacuation needs under several different war scenarios. My office took the lead in a recent effort by the Department of Defense to reexamine present casualty estimate procedures, which impact directly on medical resource planning. The results of our work will be integrated with results of the congressionally directed blue ribbon medical resources study. We will then know more precisely how many guardsmen and reservists, by skill, must be available for wartime needs and should be presently assigned to medical units, and how many we can draw from the Individual Ready Reserve, Standby Reserve and Retired Reserve.

In addition to addressing estimates of total required medical resources, we are analyzing the reserve components' medical professionals. In support of this analytical effort, we have developed a computer data base to compare current wartime medical personnel requirements, peacetime manpower authorizations, and actual manning levels for reserve component medical units. This data base identifies specialties, specialty matches, attributes of skill levels, and shortages and overages. Initial results for the Army were available in December 1985, and we expect results for the other Services to be available later this year.

Although progress has been made to improve wartime medical readiness, much work is still needed to provide adequate medical support during a conflict requiring full mobilization. We will continue to work hard toward fulfulling our objectives in this key area.

Conclusion

In summary, today's National Guard and Reserve continue to assume an increasingly important role in our defense strategy. While some problems remain, I am confident that as we continue to improve the effectiveness of the National Guard and Reserve, we will be improving the total capability of this Nation's defense posture. That is, and must remain, our first and foremost aim.

Mr. Chairman this completes my testimony. I thank you once again for the opportunity you have given me to appear before this Committee today. I am prepared to answer questions.

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GUARD/RESERVE DEPLOYMENTS TO SENSITIVE AREAS

Mr. Chappell. Mr. Secretary, today's Guard and Reserve forces train on active duty with their active counterparts in virtually every corner of the world. This includes such sensitive areas as Central America, Korea, and Western Europe. Recently, the Governors of at least two states have indicated a strong reluctance to sending their National Guard troops to active duty training in Central America.

Are you concerned about comments such as these and what consideration do you think their concerns should be given when determining where National Guard units are to be sent for active duty training?

Mr. Webb. Mr. Chairman, we are concerned about the statements. We are also concerned that under present legislation and policy, the activities of our National Guard units can be subjected to this sort of manipulation on a local level by individuals who may be wishing to make statements about foreign policy as a whole.

This is in our view a situation that may have to be remedied by statute. If that cannot be done, then the Department of Defense may be forced to reevaluate the sorts of missions that are being given to the National Guard. It is a very serious question. The National Guard trains in more than 40 countries around the world every year. Under the Total Force Doctrine, it is essential that these sorts of training programs go forward because of compression of the mission schedules under the Total Force Doctrine, and we are at present analyzing what our options might be in order to remedy it.

Mr. Chappell. Did Guard or Reserve units play any significant part in the recent attack on Libya?

Mr. Webb. We do not have the final reports on that, Mr. Chairman, but we do know that the Air Reserve Forces were involved.

CBO STUDY—IMPROVING THE ARMY RESERVES

Mr. Chappell. Last November, the Congressional Budget Office issued a lengthy report on the Army Reserves. Are you familiar with that report?

Mr. Webb. Yes, I am.

Mr. Chappell. Army Reserve components now constitute approximately 50 percent of the Army's manpower and the CBO estimates that 42 percent of all Army forces required in the first 30 days of a major war in Europe would be reserves. The CBO noted that overall most Reserve units are rated marginally ready or not ready for combat. While there have been improvements over the past three years, particularly in personnel readiness, as the Reserves expand, there remains considerable cause for concern, especially in the equipment area.

The Committee is concerned about the readiness status of the Reserves and wonders if possibly there may be too much uncertainty and too much risk in the current Reserve policy. Do you wish to comment?

Mr. Webb. Yes, sir. The study itself I believe was limited because they limited access to classified information. At the same time, we

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share the concerns of the study and I believe that the overall concern is a valid one.

One of the reasons for that is equipment. I would not diminish the importance of personnel at this point either. Part of the problem is because of the tooth to tail arguments that went on ten and eleven years ago, with respect to NATO which put more combat presence in NATO and reduced, particularly the combat service support area. A very high percentage—our figures show 91 percent—of the combat service support functions in the Army, are in the Guard and Reserve.

What this means is the combat service support area has a narrower training base to draw from in order to get MOS-qualified people into the units. At the same time, because that base is so small, this is the area which is frequently drawn on for the first 30-day deployers. This creates problems in the area of skills qualification because we cannot pull them through this narrow training base; they have to be trained from scratch. This can be up to a two-year process in some areas. So we have personal difficulties with it, we have equipment difficulties. We are examining the problem. We are attempting, as best we can, to target equipment under a different program, the most recent being RED FIX.

Mr. CHAPPELL. Let's talk about personnel. What percentage of your units are fleshed out?

Mr. WEBB. Information concerning the number of units that are C-4 because of personnel and those that are C-4 because of equipment is classified, but I can provide that to you. Equipment versus personnel deficiencies are almost equal in the early deployer combat service support area.

[The information follows:]

Of the more than ——— Army National Guard and Reserve Readiness reporting units, ——— percent report C-4 in Personnel Readiness status and ——— percent report C-4 in Equipment.

Mr. CHAPPELL. This report indicates that although we have poured a lot of resources, particularly with respect to equipment, into the Reserves over the last three years, we have made no appreciable improvement. Why is that?

Mr. WEBB. Two reasons. They are applying these resources against a moving target. The growth in the Army is in the Guard and Reserve, so that the requirements are escalating as the equipment is going in.

The second reason, one that we hope to be able to affect, is management and resources.

Mr. CHAPPELL. What are we doing to make these improvements?

Mr. WEBB. Over the last 7 or 8 months we have developed the ability for the first time to examine the UNITREP reports on a computerized basis so that we can now take the Army Guard and Reserve units and break them down as to the reasons that they are deficient in readiness. For the first time we are able to approach this problem in an analytical manner from the OSD level.

Mr. CHAPPELL. Let me interrupt by questioning at this point and ask our good chairman of the full Committee, who is a good friend of the Guard and Reserve, if he would like to make a statement.

STATEMENT OF CHAIRMAN WHITTEN

Mr. **Whitten**. I came to say we are very proud of General Walker in Mississippi. Having studied the present financial situation of the federal government, having been unable to find out just what our commitments are in the future for existing contracts, knowing that we have 350 overseas military establishments and we continue to pay $4.5 billion each year for our troops in West Germany, it appears sooner or later that we are going to rely more heavily on our Guard and Reserve.

In the years I have been here, I have always supported the Guard and Reserve, and I want to state for the record that I am convinced that my position is sound.

The financial situation is closing in on us and I just wish my friend the very best of everything, and to pay tribute to the fine service he has rendered. We are proud of you, General Walker, in Mississippi.

Thank you, Mr. Chairman, for recognizing me.

CBO STUDY—MONEY SAVING OPTIONS

Mr. **Chappell**. Thank you, Mr. Chairman.

With reference to the CBO study, they discuss two alternative plans as ways of improving the Reserve. The first option would actually cost more money than the Administration planned by improving 30-day forces but would save funds in the long run by limiting full-time support to 10 percent of Reserve strength.

The second option would also improve the 30-day forces and would slow Reserve growth in addition to limiting full-time support to 10 percent of reserve strength. The second option obviously would save more funds.

What is your opinion of the two CBO options?

Mr. **Webb**. I would have to examine those in detail and provide you an opinion on the options for the record, but I can say in general that there are three things that we are going to have to do to improve early deploying units. One is to better target our equipment resources, and we are working on that; another is to improve methods of obtaining MOS qualification in these units, and we expect to have a proposal on that to the Secretary this year; a third is to increase full-time support because there is a direct correlation between quality, full-time support and the improvement of readiness in units.

[The information follows:]

The Department does not fully agree with all of the CBO assumptions, methodology and suggestions. The recommendation to limit full-time support to 10 percent in the Army's reserve components contained in both options could fail to provide this necessary element of reserve unit readiness. The recommendation to fill skill shortages through use of an Individual Selected Reserve included in Option I would have to be thoroughly analyzed prior to implementation. Early deploying reserve units cannot afford the luxury of a process that meets skill shortages after mobilization. The proposal contained in Option II which would slow programmed growth eliminates needed strength. With regard to raising equipage levels of early deploying units, actual costs will vary considerably depending upon the degree of modernization actions assumed and further analysis would be needed to verify these costs. We agree that the readiness of early deploying units in the Army's reserve forces needs improvement. These improvements should, if possible, be achieved without a drastic curtailment of force growth.

Mr. **Chappell**. Let me ask this general question. What is the policy right now with reference to bringing new equipment to the Guard and Reserve? Are we attempting to flesh them out with equipment on the same basis as the active?

Mr. **Webb**. We adhere to the policy which was officially announced in 1982, that those units which are the first to fight will be the first to be equipped, whether Guard or Reserve.

REPORT ON CIVILIAN TECHNICIANS

Mr. **Chappell**. The House Appropriations Committee report accompanying the 1986 Defense bill directed that no conversion of civilian technicians to active guard/reserve status should be made until a report is submitted to the Committee outlining the Department's efforts to resolve the problems associated with the full-time support program and the Committee responds to such report. That report has not yet been received.

What is the status of the report?

Mr. **Webb**. It reached my desk yesterday, Mr. Chairman. I expect to sign it.

Mr. **Chappell**. When do you believe it will be submitted?

Mr. **Webb**. I expect to sign it within the next day.

Mr. **Chappell**. Can you give us any insight into what the report contains?

Mr. **Webb**. The report essentially concurs with the GAO evaluations. The greatest difficulty is in the Army because of the lack of a clear plan at the beginning of the FTS program. We concur with the evaluation that the program is being fixed.

CONVERSION OF TECHNICIAN POSITIONS

Mr. **Chappell**. In spite of the direction of the Congress with reference to prohibition on conversions, there seem to be instances of conversion nevertheless. What is the reason for that?

Mr. **Webb**. I would have to examine that.

Mr. **Chappell**. Where you aware of it?

Mr. **Webb**. No, I was not.

Mr. **Chappell**. Are you aware of the New York State case where there have been a number of dual status advertisements of technician positions for the Army National Guard?

Mr. **Webb**. I was not, Mr. Chairman. I will look into that and provide a response for the record.

Mr. **Chappell**. Are you confident that there are no civilian technician to AGR status conversions being performed and that there are no dual status advertisements anywhere in the country?

Mr. **Webb**. I will look into that.

Mr. **Chappell**. You don't know then whether there are or not?

Mr. **Webb**. No, I don't.

[The information follows:

Technician conversions were in fact ended in fiscal year 1983 in response to Congressional direction. In the Air National Guard, vacant full-time support positions have in some cases been posted for fill by either technicians or AGRs. This is done to allow the best qualified to compete for and be selected for the vacant position. This may result in a position previously encumbered by a technician being filled by an AGR—if the AGR is determined as the best qualified. In the Army's Reserve Components, current policy prohibits the fill of technician positions

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with AGR soldiers. A unit level technician position may be left vacant and an AGR full-time unit support position may be filled with an AGR. Another technician position may then be filled with a qualified technician. A number of full-time support positions above unit level, primarily at state headquarters, have been identifed for fill by either technicians or AGR soldiers to enhance upward mobility and career progression for both types of employees. In no case has a technician incumbent been converted to AGR status, and in no case of course may the number of technician positions be taken below the floor specified by Congress.

INDIVIDUAL READY RESERVE MUSTER

Mr. Chappell. In January 1986 a voluntary muster of the Army's Individual Ready Reserve was conducted. More then 6000 IRR's showed up at 13 predesignated sites around the country for a one-day screening and a minor number of tests. Some results of the IRR muster revealed that only 39 percent of the reservists who appeared for the muster could identify terrain factors on a map, only 32 percent could determine grid coordinants of a point on a map, and only 47 percent could put on and wear protective clothing.

Are you aware of that and if so, do you agree with it?

Mr. Webb. You may recall we had a pretty long discussion about this last year when I was articulating the severe deficiencies in the Individual Ready Reserve. The muster concept came out of my office because of these concerns which were apparent to us as of last year. At that time I promised you, at your request, that I would get back to you with something concrete, and I think we are doing that.

As you know, we will go to a mandatory one-day active duty period for the Individual Ready Reserve across the Services, beginning in fiscal year 1987. I think it is absolutely essential that we do this.

Mr. Chappell. The report on the January 1986 voluntary muster concludes that "an accurate national emergency callup response rate probably cannot be determined in a peacetime environment because individual and public attitudes toward a particular crisis cannot be simulated."

If that premise is accepted, is there really any compelling reason to conduct the mandatory muster?

Mr. Webb. I think that is a false premise. I don't think that is any truer than to say that your muster of an active duty unit doesn't show anything on Monday morning because they would all come if there was a war. Individual Ready Reservists are legally obligated in the same way that other Ready Reservists are, and we need to get a handle on how many of these people are going to show up.

RESERVE FLYING HOURS

Mr. Chappell. Let me turn to flying hours for a moment.

We are told repeatedly that active duty pilot need to fly at least 20 hours per month to keep proficient. How many hours are Reserve and Guard pilots getting?

Mr. Webb. I don't know the exact number. I would have to defer to each component chief on that. One thing I am told, however, which is an incentive for moving missions, such as the strategic airlift, into the air reserve force, is that you have to expend a lot less time

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training an asset. An Air Force reservist in the C-5 program has, on the average, more than 4000 flight hours, while his active duty counterpart has 1500 hours, when he gets into a C-5.

Mr. CHAPPELL. We understand there are different problems with Guard and Reserves than active, and a lot of these people are flying with airlines and other jobs in the air business so a lot of their deficiencies are helped by the fact that they do other flying, is that correct?

Mr. WEBB. That is correct. Also once they are seasoned in an aircraft, they don't need the proficiency training time that the active side does.

Mr. CHAPPELL. Mr. McDade.

Mr. McDADE. That you very much, Mr. Chairman.

Mr. Secretary, I welcome you. Before I ask any questions or say anything else, I want to express my congratulations and appreciation to General Walker. This is your last trip before the committee and I just want you to know as a member of this committee and a Member of Congress, that we owe you a great debt of gratitude for the tremendous job you have accomplished for the nation for more than forty years.

General WALKER. Forty-four years.

Mr. McDADE. We are honored by your service, and wish you well in your activities.

Mr. CHAPPELL. Do you intend to do more fishing?

General WALKER. Like my wife says, you cannot go from wide open to nothing, so I am going to have to do something like that.

PERCENTAGE OF WOMEN IN RESERVES

Mr. McDADE. She has got you in the right direction.

Mr. Secretary, do you know the percentage approximately of women in the Guard and Reserve today?

Mr. WEBB. They mirror almost exactly what you see on the active side, varying from a low of 3 percent in the Marine Corps Reserve to a high of close to 20 percent in the Army and Air Force Reserve.

Mr. CHAPPELL. Are any special efforts made to advertise to that market or to recruit women in the Guard and Reserve?

Mr. WEBB. The recruiting is done with the same emphasis that it is in the parent Service.

EDUCATIONAL BENEFITS

Mr. CHAPPELL. The Administration has proposed to eliminate the new GI bill in connection with the 1987 budget, although legislation to accomplish this end has not yet been transmitted to the Congress. There is considerable opposition within the Congress and the Reserve organizations to this proposal. These groups feel that the new GI bill has been effective in the enlistment and retention of people into the Reserves.

Have you had sufficient experience with the new GI bill to document its effect on enlistments and retention?

Mr. WEBB. Our experience to date is still for the most part anecdotal, although as I had testified before, we believe this was a good program in a Guard and Reserve environment. The preliminary indications are that we have had about a 50 percent affiliation rate with the program. We believe, as I testified last year, that it reaches a market that has not normally affiliated with the Armed Forces, either active or reserve, and that is tne individual who is college oriented and does not desire to leave home for an extended period of time, but who has an interest in the military.

So we were very happy with the program, and it was purely on the basis of cost that it ended up not in our budget.

Mr. CHAPPELL. It is an affordability problem as you see it?

Mr. WEBB. Yes.

MILITARY RETIREMENT SYSTEM

Mr. CHAPPELL. Mr. Secretary, the Congress is currently acting on changes to the military retirement system. If those changes are not enacted by the First of May, or if the May 1st deadline is not extended, the Services will have to take drastic actions to live within available resources.

If relief is not provided, how many Guardsmen and Reservists by Service would have to be released?

Mr. WEBB. I can give you that figure by Service. I will do that for the record.

The aggregate number is about 177,000 in the Guard and Reserve alone. With respect to retirement modifications if I may, there has been a proposal that we have had from the Reserve perspective inside the DoD to go to a two-track accrual system when we talk about the pay in amounts, because the Guard and Reserve retirement system itself is distinct from the active system. This was not considered when we first went into the accrual system. We may have, by a factor of anywhere from 3 to 6, depending on our actuarial evidence, an overpayment presently by Guardsmen and Reservists.

That in itself would be a savings in retirement.

[The information follows:]

The initial estimate, as developed by Office of the Secretary of Defense, indicated a need to reduce the reserve forces on May 1, 1986 by approximately 177,000. This estimate was developed on an average and very aggregated basis. The Military Departments have since developed more detailed impact statements on how to implement a force reduction by May 1. The specific implementation plans developed by the Services would result in a reduction of almost 118,000 reserves. The estimated reduction by component follows:

	May 1, 1986
Army Reserve	29,000
Army National Guard	27,000
Navy Reserve	30,300
Marine Corps Reserve	
Air Force Reserve	15,000
Air National Guard	16,300
Total	117,600

RESERVE RETIREMENT ACCRUAL

Mr. CHAPPELL. Under current practice, the accrued payment for both active and reserve is the same percentage. You think it overstates the reserve component. What data do you have to support that position, Mr. Secretary.

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Mr. WEBB. The difficulty in actually bringing that into a policy has been that the actuarial data on reserve participation is weak. We cannot get an exact handle on people who drill as to how many retirement points they have actually accumulated. It is a problem in that a lot of recordkeeping was poor for years. But we do know that we have distinct systems: the active side pays out immediately, has an immediately vesting retirement system; in the Reserve system you have to wait until age 60 to draw.

You are paid on the Reserve side based on the average number of days of active duty per year that you served during your 20 years. Overpayment into the accrual account, as I said, is off anywhere from a factor of 3 to 6.

Mr. CHAPPELL. Do you have any idea what the proper percentages would be?

Mr. WEBB. When we first started looking at this, we believed 8.1 percent as opposed to 51 percent. Other evidence indicates that it would be higher than that, but my belief is that the law says that the actuary should make the best estimate based on data available and this is a self-correcting procedure when you are paying the money into the Treasury.

No matter how far you are off, we are off by a much higher factor now, the way that they are paying it that the system could be more forgiving if we readjust.

Mr. CHAPPELL. Have you submitted legislation or proposed legislation to correct that?

Mr. WEBB. We do not have a piece of legislation. We are in a rather difficult situation because it is a Treasury question as well as a DoD question, but we would be happy to provide technical assistance to anyone wanting to draft one.

Mr. CHAPPELL. Mr. Secretary, returning to the pending retirement changes, if you had to let go 177,000 people from the Reserve and the Guard, where would you start? How would you accomplish it?

Mr. WEBB. It would be, I think, disastrous on the ability of the Guard and Reserve to perform their job, and also on morale. The way we would do that, if forced by the Congress to do so, would be the way that all operational policies are implemented; that is, we would direct the components to do it, and they would have to do it as best they could.

Mr. CHAPPELL. What basis do you think they would use?

Mr. WEBB. I would defer to each component. I think that it would be such a disruptive thing to the Services that I sincerely hope we don't ever reach that point.

Mr. CHAPPELL. Starting when would these people be separated?

Mr. WEBB. My understanding of the Johnston amendment is that it would have to begin immediately after May First or whenever the extension expired.

NATIONAL COMMITTEE FOR EMPLOYER SUPPORT OF THE GUARD AND RESERVE

Mr. CHAPPELL. Mr. Secretary, on October 4, 1985, the DoD Inspector General issued a report titled "Financial Management of the National Committee for Employer Support of the Guard and Reserve". The report noted several irregularities in the committee's operations, especially concerning permanent travel advances, commingling government and personal funds and unauthorized use of telephone credit cards and office telephones.

Can you tell us precisely what steps have been taken in response to the IG report to end the abuses noted?

Mr. WEBB. Let me first say, Congressman, that I asked for the report, not because I had any specific allegation against NCESGR but because an audit had never been performed; and when I came into this job two years ago, I found that rather unsettling. NCESGR was an office that had grown by leaps and bounds and I asked for a report to make sure that things were going right, and in the hope that that office could get some management advice.

This is basically what happened. The violations that were found were not major. They have all been corrected, and I believe that it was a valuable experience for the leadership at NCESGR to sit down with the IG people.

Mr. CHAPPELL. Mr. Secretary, has the policy that allowed staff members to call their homes while on official travel for morale purposes been halted or is that still ongoing?

Mr. WEBB. To my understanding that has been halted. They receive per diem and it would be covered in the per diem.

EUROPEAN MEDICAL SUPPORT FOR RESERVE PERSONNEL

Mr. CHAPPELL. This Committee has continued to express concern about medical readiness in Europe. While we have shown the most concern about the ability to care for active duty personnel, we have never discussed medical support for the Reserve units. What is your assessment of the readiness of European medical support for the Reserve units?

Mr. WEBB. I would first say that on the Army side, if we went into a mobilization environment, 70 percent of the combat medical care for Actives as well as the Reserve would come from the Reserve components. They are in the combat service support context that I was speaking about.

I have some very serious problems with the state of our medical readiness today. I have spent a good bit of time on this, and I was recently in Europe, both in Britain and at USAREUR.

Mr. CHAPPELL. What do we need to do to increase readiness for the medical component?

Mr. WEBB. A lot of things that need to be done are in the pipeline, with the DEPMEDS concept and this sort of thing coming on line. A lot of things are not being done, and such equipment has not been properly targeted. A lot of this is supposed to come way in the out years.

We have pretty good track of what happens to out year funding. My problem in this is that it is not a modernization question as, for instance, when we replace an M-60-A3 with an M-1. This is a unit fill question, and the equipment is not there now. It has been one of the highest priorities in my office.

The second problem is a personnel problem. In a nonconscription environment, being able to get medical personnel to train the en-

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listed side and to match appropriate skills on the doctor and nurse side is a horrendous problem, and as I said before, many of these units are down because of personnel skills as much as for equipment.

As I said, I have done a number of things about this, and I will continue to do so. One of the things I did after I was on Reforger was I brought in 11 early deployer commanders plus 5 or 6 other medical unit commanders, and I sat down and showed them their unitrep reports. I asked them to tell me what that really meant insofar as their ability to do their job. It was not a very optimistic report that I received.

The only thing I can tell you about this is that you have my pledge that I am going to use whatever assets I have, and in conjunction with Health Affairs and other offices, to see what we can do fix it.

Mr. CHAPPELL. More power to you, Mr. Secretary, and we want to work with you to try and eliminate this problem as well.

Thank you very much, Mr. Chairman.

Mr. CHAPPELL. Mr. Murtha.

Mr. MURTHA. No questions.

Mr. CHAPPELL. Mr. Young.

Mr. YOUNG. I have no questions, Mr. Chairman.

Mr. CHAPPELL. Mr. Miller.

RESERVE/GUARD OVERSEAS TRAINING

Mr. MILLER. Thank you, Mr. Chairman.

Mr. Secretary, you have a newspaper article showing some information concerning the National Guard and the fact that when we had a training maneuver in Honduras, some of the Governors would not allow their Guards to participate. Are we getting into trouble here? Is there a solution to this problem, and can you give us a little background as to what you know about that?

Mr. WEBB. Yes, sir. I touched this preliminarily with the Chairman. To give you more background, there is a disparity in the reserve components as to how units can be assigned overseas or trained outside of the United States. The reserve components are assigned in the same manner that active components are: by direction of the Secretary of the Service.

The National Guard units and members, under section 672(d) of Title 10, have an additional step that they have to go through. The Governor has to consent to the release of his units, which basically takes them from State status into a Federal status while they are training outside the United States, and also the member has to give his or her consent in order to go.

Because of the political questions involved in the whole Central American arena, we recently started to see Governors, legislators, political protest groups, focusing on the question of whether these units should train in the Central American environment. In some cases, they either convinced the Governor or the Governor decided on his own, that this sort of training should not take place.

We have had some governors, such as the Governor of Massachusetts, make a decision, basically in a vacuum without units being assigned, that this won't take place. It is, in my opinion, an exam-

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ple of how the missions of the National Guard have become more immediate under the Total Force doctrine than they were traditionally. I believe that we must have some sort of a legislative fix to bring the National Guard units in this area to a level of parity with the reserve units. If we cannot do that then we are going to have to examine the sorts of missions that we are giving the National Guard.

The overseas training under the Total Force doctrine, and with the compression of time we have in deployment schedules, is essential to readiness. There is disagreement on this. You will hear the National Guard officers probably give a different opinion, but I believe that it is time that we modernize that provision of the law to fit the sorts of missions that we are giving the National Guard.

Mr. MILLER. It seems that the governors under this situation are injecting themselves into foreign affairs. If there is a legislative fix for this, maybe you and your people could suggest some legislation that would be helpful so that we don't get into a real crisis and find out here is a big problem and now what are we going to do about it hurriedly.

We in the Congress I find are putting brush fires out all the time. We should be planning ahead a little more. Now that that problem has developed, there certainly should be some legislative fix. As a matter of fact, I heard you mention the need for that. But just exactly what would be the best way, perhaps you could suggest that to the committee.

Mr. WEBB. Yes, sir.

We, at Secretary Weinberger's direction have been examining legislative possibilities. We hope to have something within the next couple of weeks.

Mr. MILLER. You spoke of the training that goes on in some foreign countries, and a lot of training occurs in Germany. We hear that a number of the land owners in West Germany and those that use the roads for normal business and traval are not happy with some of our heavy equipment destroying those highways and destroying the land in Germany.

Isn't there someplace else where we can do the training where we would not hear the complaints that, America go home, because you are tearing up our land and roads?

Mr. WEBB. Well, Congressman, we have a unique situation in Germany. First, with respect to their history, it is amazing to me how the German citizens accommodate this sort of training, not just with us but with their own units, with the British units, and other Allied units that participate.

This has been done historically in Germany.

Second, they receive payments if any land is damaged.

Third, our units are very careful not to tear apart or damage any of this land unless it is absolutely essential. For instance, when the 32nd Mechanized Infantry Brigade went over from Wisconsin, it was expected that they would do some extensive maneuvers but because of the warming of the weather, they canceled all of their battlefield type maneuvers and basically went into an administrative format.

The other point to be made is that the defense of Germany——

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Mr. Miller. I know that is what I am asking about, but we are not going to have a dry weather battle group, are we? I am not complaining—this is stopping from tearing up the ground because we do not train in wet weather.

Mr. Webb. I think if you asked the German officials they would be more concerned if we stopped doing Reforger than they would be if we didn't continue to do this. Under Reforger we practiced reinforcement, guaranteeing that we will be there at an early time period; and I think they accept that as a part of their fate, being where they are in a central sector of NATO.

My point to you is that it is carefully done. I don't think that there is any damage that we didn't either attempt to avoid, or failing that paid for.

TRAINING

Mr. Miller. In your 1985 report, it states the current training approaches are not working very well in the Army Reserves. Could you give us some more information about your programs to assure that we have adequate technical logistic skills in the reserve components?

Mr. Webb. I am sorry, could you repeat the first part of that question?

Mr. Miller. Your 1985 report——

Mr. Webb. The end of year report.

Mr. Miller. Right. It states that current training approaches are not working very well in the Army Reserves, as I understand it. For the logistic skills, what we are wondering about is, do we need to beef up the training for the logistics skills, or just where do we stand?

Earlier I heard a question concerning the number of members of the Reserves that could not read a terrain map. Are we getting the training that we should on logistics skills, on all of the other items that are necessary?

Mr. Webb. I would like to provide a detailed response to that for the record.

But I would also say that one problem that we have in the combat service support side of the Army, which I mentioned before, is that such a great percentage of that mission is in the Reserve component so that the training base on the active side is very narrow. Under the volunteer system you have longer enlistments and higher retention, which cause your flowthrough of people with that skill coming into Reserve units to be small.

When you have to home grow a technical skill in a reserve environment, it is a lengthy process. I have a chart that I could give you for the record which shows the problem that we have in the reserve components as opposed to the active side after the initial training period before an individual eventually gets the MOS that he needs in some of these technical areas.

Mr. Miller. Is that because of the time factor, because that particular individual would not be spending as many hours per month? Is that what you are talking about?

Mr. Webb. Part of it is time, but also part of it is what happens to an individual after he leaves the initial training. Under Army

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policy you have approximately 70 percent of your skill complete when you finish your initial training; the last 30 percent you are supposed to pick up on the job. For instance, in the area of light wheeled vehicle mechanics, for which I have a chart I will give you, when an individual on the active side finished that 70 percent training, he will then go to one of 58 stations where the average population that has the skill that can give him the OJT in his unit is about 35 people.

In the Guard and Reserve side, the same individual goes to one of more than a thousand stations where the average number of people who have that skill is four. So we have a problem that we are approaching in different ways, but where the acquisition of that final 30 percent takes a long period of time. As a result, the units show an unreadiness for personnel in many cases.

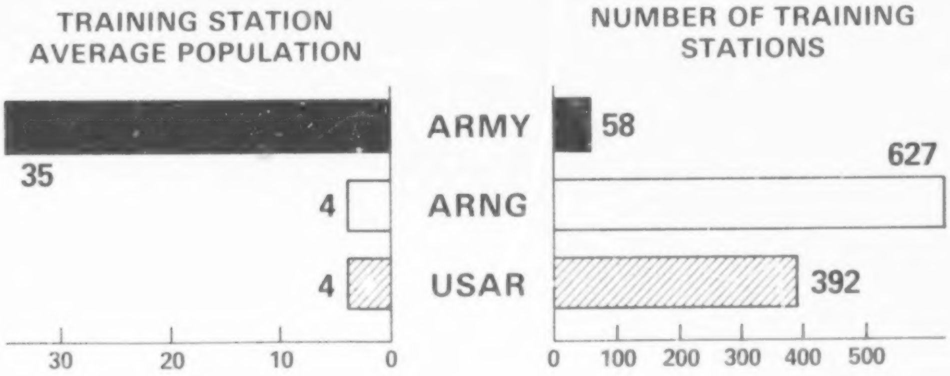
Mr. **Miller**. If we could have that for the record, I would appreciate it.

[The information follows:]

The statement referred to was a preliminary conclusion in a study of technical logistic skill development in the Reserve component. This study is only now being concluded and, based upon our assessment, appropriate action will be planned to address the deficiencies noted. The problems cited in the Army Guard and Reserve are, to a large degree, a result of the training environment. Some are a result of a training approach that uses Active philosophy to meet Reserve component needs. Geographic dispersion is a severe problem which the Army Guard and Reserve face to a greater degree than the Reserve component of the other Services and which makes the training approach used by the other Services less appropriate for them. The other Services also have a more mission-oriented training environment on an every day basis. This is not true in the Army Guard and Reserve, and this problem is exacerbated by the modernization process. For example, nondivisional maintenance units in most cases do not have the opportunity to repair the equipment in peacetime that they will be required to repair in wartime. The Army is taking steps to establish regional maintenance training centers in an effort to combat the dual problems of geographic dispersion and lack of equipment. However, with current resourcing it will be a slow process. Of course, we are always seeking to apply technology to this type of a training problem and are making some progress here as well. The level of full-time support also affects each Service's capability to conduct individual training within units and the proportion of accessions who have prior service dictates the need. Here again, the Army Guard and Reserve are at a disadvantage with lower relative levels of full-time support and fewer prior service accessions. Actions taken thus far to address all of these problems indicate an additional effort is needed. We hope, through the study now being completed, to formulate appropriate training strategies to combat these training deficiencies.

RESERVE COMPONENTS TRAINING

COMPARISON OF LIGHT WHEEL VEHICLE MECHANIC (MOS 63B2) AVERAGE POPULATIONS


TRAINING STATION AVERAGE POPULATION

NUMBER OF TRAINING STATIONS

6 3285
30 SEP 85

Mr. **Miller**. Thank you.

Thank you, Mr. Chairman.

Mr. **Chappell**. Mr. Secretary, I know you have a very busy day. Unless there are other questions from Members of the Committee, we would release you and call up the other witnesses. Please answer the rest of the committee questions for the record.

Mr. **Webb**. Thank you very much, Mr. Chairman.

Mr. **Chappell**. Thank you very much.

[Clerk's note.—Questions submitted for the record and the answers thereto follow:]

TRANSFER OF ROLES AND MISSIONS TO THE RESERVE COMPONENTS

Question. The Department has recognized a need for better guidance to ensure that the Services use sound logic and consistent methodologies to make force mix decisions on transferring roles and missions to the Reserves. In March 1984, Departmental witnesses testified at congressional hearings that a new decision process had been developed and tested and was in the process of being implemented. However, two years later, no directive has been issued to implement the process, and December 1984 findings of the Reserve Forces Policy Board lead to questions whether the Department can be assured that cost effectiveness and readiness factors are adequately considered in the Action/Reserve force mix decision process. Since roles and missions are still being transferred to the Reserve Components, describe what is being done to assure that such factors as cost and readiness are adequately considered and documented in the Active/Reserve Force mix decision process.

Answer. The primary criteria for making any decisions about the force mix of the Department are the effectiveness, readiness, availability, and capability of the Services to meet their primary missions. Each of the Services takes these criteria and the cost effectiveness of their force mix decisions into full account throughout the Department's Planning, Programming and Budgeting System process. The methodology described in 1984 has been incorporated into the Services' force mix decision processes as applicable to their individual missions and functions. The metholodogy and costing factors are periodically reviewed for currency and accuracy, and are updated as needed.

The Active Component must be immediately available and combat ready for potential wartime missions. It must also be fully capable of performing all of the peacetime missions and functions of the Services and the Department. The Reserve Component is not as readily available for mission accomplishment due to mobilization requirements, but it must be as combat ready to perform its wartime missions as is the Active Component. The cost tradeoffs between the Active and Reserve Components are given full consideration after the initial review of the capability to meet the assigned mission. The demographic availability of personnel to perform the mission and the modernization and mobilization parograms of the Department are also considered in the decision process.

The Department feels that the methodology and the plans, programs, and budget reviews conducted at all levels of the Department ensure that adequate consideration is given to all factors, particularly effectiveness, capability, readiness, and cost, during the force mix decision process. The net result is a programmed force mix that is attainable, balanced and executable with the budget.

NONDEPLOYING AGR PERSONNEL

Question. One of the selling points the Department used in the expansion of the AGR full-time support program was that the AGR personnel would nearly always deploy with the Guard and Reserve unit. However, in the case of the National Guard, those AGR personnel assigned to the state area commands do not deploy, is that correct?

Answer. State Area Command (STARC) AGR positions are not preidentified as deployable, however AGR's assigned in these positions will mobilize with the STARC when called, and are also available for worldwide assignment according to the needs of the Service.

Question. The Committee has been advised that 192 of the 600 AGR's in New York are assigned to the state area command and thus might not deploy. This amounts to nearly one-third of the total New York AGR complement. Do you agree with those figures?

Answer. Sixty-six of the 838 AGR's assigned in New York state as of 31 March 1986 were assigned to the state area command.

Question. For the record, provide a state-by-state breakdown of total National Guard AGR's and the number of AGR's assigned to state area commands.

Answer. The information is as follows:

State	State areas CMD	Total AGR
AL	57	906
AK	38	318
AZ	34	325
AR	28	475
CA	55	1,022
CO	32	245
CT	11	257
DE	11	161
DC	44	189
FL	18	518
GA	29	553
GU	64	108
HI	8	219
ID	24	257
IL	14	487
IN	26	619
IA	13	354
KS	19	367
KY	15	356
LA	17	549
ME	13	174
MD	13	433
MA	39	559
MI	46	498
MN	33	488
MS	28	737
MO	16	484

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State	State areas CMD	Total AGR
MT	16	152
NE	8	247
NV	17	98
NH	15	138
NJ	37	576
NM	24	582
NY	66	944
NC	13	543
ND	13	183
OH	18	662
OK	10	472
OR	14	407
PA	22	834
PR	32	400
RI	16	182
SC	12	557
SD	10	201
TN	17	578
TX	73	1,037
UT	23	348
VT	9	179
VA	38	459
VI	15	64
WA	18	331
WV	6	182
WI	25	439
WY	8	95
Total	1,340	22,548

Question. Does this situation give you cause for concern?

Answer. The number of AGR's in STARC's is relatively small. A structure as large as the Army National Guard with 3500 units, and 437,000 personnel, requires support personnel outside deployable units to provide readiness supervision and management support. However, the ratio between members in deployable units and those outside those units is one that need to be closely examined. This is an area that we intend to monitor.

Question. For the record provide by component the number of nondeploying AGR positions and the percentage of total AGR strength represented.

Answer. The information concerning non-deploying AGR personnel follows:

	Total (86 program)	Nondeploying positions	Percentage
ARNG	23,731	7,084	30
USAR	12,157	1,500	12
ANG	7,269	469	6
USAFR [1]	635	635	100

[1] AGR's are not used in full-time unit support in the USAFR.

AGR positions outside deployable units are not preidentified as deployable assets, however all AGR's will mobilize when called and are available at any time to serve in their military skills, either in the Continental United States, or overseas. The

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nondeploying positions shown represent STARC resources, recruiters, retention counselors, intermediate and higher headequarters staffs, training site staffs, statutory tour positions, and other activities concerned with management, supervision, and training of the reserve components of the Army and Air Force.

[CLERK'S NOTE.—End of questions submitted for the record.]

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TUESDAY, APRIL 22, 1986.

ARMY NATIONAL GUARD AND ARMY RESERVE

WITNESSES

LIEUTENANT GENERAL EMMETT H. WALKER, JR., U.S. ARMY, CHIEF, NATIONAL GUARD BUREAU

MAJOR GENERAL HERBERT R. TEMPLE, JR., U.S. ARMY, DIRECTOR, ARMY NATIONAL GUARD

MAJOR GENERAL WILLIAM R. BERKMAN, U.S. ARMY, CHIEF OF ARMY RESERVE

INTRODUCTION

Mr. CHAPPELL. Let's ask General Walker, General Temple and General Berkman to come up representing the National Guard Bureau, the Army National Guard, and Chief of Army Reserves, in that order.

Gentlemen, in the interest of time, if you would, we have already stated that your complete statements will be put in the record at this point. If you will summarize for us, it will give us a chance to get to questions a little sooner. We are short of time as you know.

General Walker, are you going first?

General WALKER. Yes, sir, if that is your desire.

Mr. CHAPPELL. All right, sir.

SUMMARY STATEMENT OF LIEUTENANT GENERAL WALKER

General WALKER. Mr. Chairman, members of the Committee, I appreciate again the opportunity to appear before you. This year, Mr. Chairman, is the 350th anniversary of the Guard. From a group of untrained colonists, we have progressed to a trained force of 440,000 people in the Army National Guard, and 110,000 in the Air National Guard. These are some of the most professional and dedicated people this nation has.

We are making real progress, Mr. Chairman, in the field of modern equipment and certainly we are not getting all we want, but as a result of the efforts of the Congress and the Department of Defense and Departments of Army and Air Force, we have made real progress.

We have real quality people. The new people we are getting are the best we have ever had. They are intelligent and they want to be in the Guard. In order for us to continue to get this type individual, we just must have proper facilities, proper training and training opportunities, continued modernization and quality incentives.

When I say incentives, I am referring to the GI Bill you passed for us last year.

This, sir, is bringing us some bright young men and women we need to handle high technology. And this nation is getting a better citizen. As of the first of March, the Army and Air Guard had over 27,000 young men and women eligible for this new GI Bill's benefits. We cannot afford to lose this.

Mr. Chairman, there were some questions raised earlier about the Guard's participation in training in Central America. I would like you to listen to my answers on that issue. I have some remarks

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to make about it that might be a little different from what has been said so far.

In 1970 we moved to an all-volunteer military and reduced the size of the standing forces. The National Guard became an equal partner in the defense of this nation, with all the benefits and problems associated with it. America's investment in the Guard grew and the country has rightfully demanded more of the Guard.

We must share a portion of the burden and we do. Each and every day there is a Guardsman on duty overseas somewhere. If we were to be a full partner in the defense of this nation, then we must carry a full partner's load.

Training activities in Central America are a case in point here. Various individuals and groups have taken issue with our involvement in training in that region. When we became full partners in the total force, the civilian leaders just as well as the uniformed leaders accepted the responsibility of training the Guard to its wartime mission.

Our people expect this training, that is their right and it is our obligation to give it to them.

Right now in Central America and other places around the world, we can get these opportunities. We have been training in Central America since 1972 and we have never had an incident and we intend to continue training down there if this nation wants us to.

The truth is that the National Guard is performing its peacetime mission and that is to train, training that we are required to perform, training that you, as Members of Congress, authorized and funded. We exercise every precaution for safety. Remarks have been made that it is unsafe down there. The facts are that road building project in Honduras is 100 miles from the border of Nicaragua, and six mountain ranges away.

The troops that go down there are very enthusiastic and they have said to me and they have said to many members of the media down there, that this is the best training they have ever had. I feel like that we as leaders, the uniformed leaders, have provided them with the training that they need and deserve.

Now, Mr. Chairman, I have to tell you I am afraid in some of this discussion we have been put in a political hostage situation. This year we have 38 elections across this country, 38 governors up for election or reelection across this country. I am afraid we are having an overreaction as to what is happening to us.

I submit this is not a National Guard question; this is a national question. It seems to me the Congress is struggling with it. There are only two states that have said they would not let their troops go to Central America. Maine was the first one with 48 troops involved. The next one was Massachusetts. We have not asked anybody from the Massachusetts National Guard to go to Honduras.

Sir, the National Guard Bureau is the only voice that has been heard on this question, except those that suggest changing the law.

I submit to you if they are going to change the law, they will have to start with the Constitution. That is where the authority exists for it.

Sir, I have to admit and apologize I get a little emotional about this question because I think we are being used.

I am proud to resort—getting back to the business at hand—that we have had an outstanding year. We have shortages and we have shortcomings but I want to say something before I give up this mike. You have referred to this being my last time here, and yes, this is my last appearance before your committee. I cannot say enough for the help that this committee and the entire Congress has given the National Guard, the Army and the Air National Guard.

Only through your help, and that of the Department's could we have made the progress we have and I say to you, you are looking at the proudest man in uniform today because of the achievements that the Army and Air Guard have accomplished. Nobody can challenge what I say.

We have made more progress in the last five to ten years than any other military organization in this country, and if anybody wants to challenge that, I would be happy to talk to him.

Thank you, sir, and I stand ready to answer your questions.

[General Walker's statement follows:]

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STATEMENT OF THE CHIEF, NATIONAL GUARD BUREAU

INTRODUCTION

The Army and Air National Guard today contribute a major portion of the U.S. conventional defense capability. Never before in its 350 year history has the Guard been so well trained, equipped and manned. The major improvements in these key readiness areas are directly attributable to increased Congressional support, OSD oversight of the Total Force Policy and Army and Air Force modernization initiatives. The increased resourcing we have received is the cause and result of the continuous growth in Guard missions and responsibilities.

The focus of our efforts during the past year, and looking into the future, is to recruit and retain a high quality, professional force, to use training time to the best possible advantage and to make the most of every defense dollar we spend to equip and train the Guard. We continue to work to ensure that no Army or Air Guard member on any future battlefield would have cause to say "Had only I been better trained, equipped or led...." This is the challenge we have accepted and the charge we work to uphold.

Army and Air Guard units have deployed worldwide in the past year and trained side-by-side with their active component counterparts. These deployments have included JCS exercises, support to active component missions and units and real-time, real-world missions. In virtually every case, the Guardmembers have met or exceeded the mission requirements and have returned home with a tangible sense of accomplishment and contribution.

Our Army and Air Guard members are some of America's finest citizens. They continue to prove that with proper leadership, resourcing and family and employer support, they can and will perform any mission assigned. They are truly citizens, soldiers, patriots.

STATE MISSION

The National Guard is the only dual missioned force among the services. Our primary mission, like that of the other components, is to be able, if called, to mobilize, deploy, fight and win. Our second mission, the state mission, is what makes us unique. The state mission requires the Guard to be able to answer the call of the respective Governors in responding to emergencies throughout the states and territories, assisting in the preservation and protection of life, property and public order. The National Guard responded to a multitude of emergencies throughout the states and territories during FY 85. Forty-eight governors called upon the Guard for 614 separate call-ups in response to such diverse natural conditions as severe cold, snow, floods, tornados and forest fires. Manmade problems required Guard assistance in meeting the threats of chemical spills, emergency power supply, housing of the homeless and search and rescue. FY 85 also saw an increase in Guard involvement in efforts by law enforcement agencies to stem the tide of drugs and controlled substances which pose a very real and extremely insidious threat to our nation. National Guard response to these emergencies involved more than 20,731 Guardmembers using approximately 124,561 workdays at a cost to the respective states of approximately $8 million. The volume and diversity of these requests represent, in my opinion, a note of confidence in the ability, professionalism and dedication of the men and women of the National Guard by both civic officials and the community at large.

FEDERAL MISSION

ARMY GUARD ORGANIZATION

Forty five percent of the combat units and 20 percent of the support forces within the Total Army are provided by the Army National Guard. Major unit contributions to the Total Army force structure include ten divisions, fourteen separate brigades, four armored cavalry regiments, an infantry scout group, two special forces groups, four roundout brigades and seven roundout battalions. Roundout units provide the force structure essential to an Active Component division to fill it to full combat strength. In the event of full mobilization, 18 of 28 Army divisions would be furnished wholly or in part by the ARNG.

Significant force structure actions in FY 85 and FY 86 continue to revolve around the organization of our two new divisions, the 35th Infantry Division (Mechanized), headquartered at Ft Leavenworth, KS, and the 29th Infantry Division (Light) headquartered at Ft. Belvoir, VA. Both organizations will continue the formation process as units are added and converted to meet divisional needs.

During FY 85, we also completed the organization of the Army's only Mountain Battalion (VTARNG) and its only operational all weather, short range air defense unit, the NMARNG Roland Battalion.

Several major actions were started in FY 85 and will continue in the future. These include conversion of three heavy divisions to Division 86 organizations and significant aviation force modernization across almost all organizational levels. Additionally, several of our separate brigades will assume new or modified roundout/roundup tasks to meet total Army needs.

[illegible]

AIR GUARD ORGANIZATION

The Air National Guard (ANG) has more than 1700 aircraft and almost 110,000 people in uniform throughout the world. The members of our 91 flying units and 244 mission support units constitute a capable and ready force performing not only the traditional "weekend" training duty but shouldering an increasing amount of the day-to-day business of the Air Force. The ANG, now involved daily in worldwide Air Force missions to include aerial refueling, air defense and tactical and strategic airlift, is considered an equal partner with the active Air Force in the total Air Force.

ANG FORCE STRUCTURE

While the ANG organizational structure remains stable in FY 86 and FY 87 at 24 wings, 67 groups 91 flying units, a substantial number of force structure changes will take place. Significant quality and effectiveness changes will be the rule as we utilize three methods to modernize and enhance the capabilities of the ANG. In FY 86, we are seeing our first F-15 units in Louisiana and Georgia, our first C-141 unit in Mississippi, and our 2nd and 3rd F-16 units in Texas and Vermont. In FY 87, we continue modernization with conversions to F-15s in Hawaii and F-16s in Florida and Massachusetts. We will also convert our Little Rock unit from KC-135s to C-130s.

Additionally, 6 units in FY 86 and 5 units in FY 87 will have series changes where they will receive newer models of the aircraft now assigned to the units.

A third category of change will increase the numbers of aircraft assigned to a unit by a process called "robusting". From FY 86 to FY 87, the Tucson, AZ F-16 Training Unit will robust from 0 to 18 aircraft and the Boise, ID RF-4C Training Unit will robust from 6 to 12 aircraft. The St. Louis, MO unit will expand from 18 to 24 F-4Es in FY 86. FY 87 has an ambitious schedule as 7 other units will robust their aircraft fleets. Units being robusted in FY 87 are New Orleans, LA; Charlotte, NC; Martinsburg and Charleston, WV; Jackson, MS; and Stewart Airport, NY. The ANG will also activate an additional flying squadron at Eielson AFB, AK. These efforts are testimony to the increasing importance of the ANG which will in FY87 contribute 73% of the total Air Force air defense interceptor forces, 52% of tactical reconnaissance, 34% of tactical airlift, 25% of tactical fighters, 17% of aerial refueling, 13% of rescue and recovery forces, 14% of special operations forces, 24% of tactical air support forces and 4% of strategic airlift forces.

Of equal importance is the contribution of our mission support units. Our 244 independent units are heavily concentrated in the areas of base fixed communications, combat communications, weather, tactical control engineering installation, civil engineering and medical. Two hundred and ninety-eight mission support units are located with our flying units with primarily medical, civil engineering, security, and aerial port responsibilities. In FY 86, the ANG will possess 65% of the Air Force combat communication forces, 55% of engineering and installation forces, 55% of tactical weapons control, 10% of the weather reporting and forecasting forces, 72% of the aircraft control and warning forces, 12% of the aerial port capability and 30% of the civil engineering forces.

MANNING THE ARMY GUARD

The Army Guard is at an all time record strength level for peacetime. FY 85 opened with a record paid end strength of over 434,000 and closed just short of 440,000. That represents 100.4% of our projected strength, 99.8% of the force structure allowance and 94.2% of wartime required strength. Commissioned/warrant officer strength was at 96.8% of projections at 42,340 while enlisted strength was 100.8% at 397,612. The net gain of 5,693 end strength over FY 84 was the result of aggressive and successful recruiting and retention efforts. The challenge of a FY 86 end strength of 450,496 demands increased commitment on our part at every level of leadership to the dual responsibilities of recruiting and, perhaps more importantly, retention. We simply cannot afford, from a financial or effectiveness viewpoint, to lose trained individuals at the end of their commitment. Our efforts will concentrate on convincing every leader at every level of the critical importance of the retention effort. Areas of special emphasis will include increased chain of command involvement and revitalization of sponsorship programs.

Officer end strength was the highest level achieved in the history of the ARNG but chronic shortages of special branch officers (medical doctors, nurses and chaplains) remain.

Innovative programs are helping us achieve our officer recruitment goals. These include our Simultaneous Membership Program (SMP) which allows concurrent ARNG and ROTC membership and the ROTC Reserve Forces Duty Scholarships. State officer Candidate Schools continue to be the most reliable source of ARNG career offices with 28% or 1,147 of our second lieutenants entering the system through that means.

Enlisted personnel gains totalled 82,952 representing 95.4% of the FY 85 objective. Non prior service enlistments totalled 39,410 while prior service members numbered 43,542.

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The quality of our enlisted force remains high. While the Congressional ceiling of 20% Test Score Category (TSC) IV remained, ARNG non prior service accessions in that category were 10.8%

Additionally, 75.7% of accessions were high school diploma graduates exceeding our own goal of 72%. These figures do not include General Educational Development (GED) enlistments who are considered to be non high school graduates.

Minority strength at the end of the fiscal year numbered 112,097 or 25.5% of total paid strength. Black strength posted gains for FY 85 with blacks now representing 4.8% of total officer strength and 18.5% of total enlisted for a 17.2% share of the total paid strength. Female strength increased slightly and now comprises 22,795 or 5.2% of total paid strength. Sixty-six percent of all positions in the ARNG are closed to females by the Direct Combat Probability Code policy but there is still room for growth in our female strength as evidence by the fact that of the positions open to females in the grades of E4 and below only 43% are filled by enlisted women.

The complexity of the modern battlefield requires educated soldiers and leaders. A program providing educational assistance for Army Guard soldiers is the Army Continuing Education System (ACES). ACES was extended to the Army Guard during FY 86 as part of a Total Army program providing educational opportunities such as basic skills, high school completion, and part time college programs not covered under the New GI Bill. Individuals receiving benefits under the New GI Bill are not authorized to receive ACES benefits, and conversely, those receiving ACES benefits cannot at the same time receive benefits under the New GI Bill. Commissioned officers utilizing ACES tuition assistance incur a four year Selected Reserve obligation following the last class taken.

We are also demanding more of our officers. A sliding requirement scale of college level credits is now mandatory for appointment, advancement and retention.

Another program which has proven itself in terms of enhancing the experience and quality of the Army National Guard officer corps is the Captains to Europe, Panama, and Korea Program. This program, now in its fifth year, continues to provide ARNG officers with active duty experience in an overseas theater. Following either a one or three year tour of duty, the officer returns to the Army Guard with valuable experience. During FY 85, 80 officers participated in the program. A total of 19 new officers entered the program and 26 returned to their Army Guard assignments. Department of the Army has recently revised the criteria for participation in this program which will allow first lieutenants to apply. This change should increase participation in the program and enable the Army National Guard to utilize the 160 positions allocated for this program.

ARMY GUARD FULL TIME SUPPORT

The continuing emphasis on transforming the ARNG into a fully trained and equipped, modern, deployable force has necessitated growth in our full-time support personnel force. At the end of FY 85, we were at 63% of FY 85 required full-time strength. In FY 86, we will be authorized 68% of FY 86 requirements and in FY 87 we seek increases to attain the 76% level. These increases will allow us to successfully meet the training and support levels dictated by our continually escalating role in Army and Defense plans.

MANNING THE AIR GUARD

The end of FY 85 saw the highest end strength by the ANG in its history - 109,398. For FY 86, the programmed end strength is 110,859 with a funded average of 109,100. FY 87 programmed end strength is 115,200 and a funded average of 113,100.

Although we have exceeded our programmed end strength, vacancies still exist in critical skills such as aircraft maintenance, medical, armaments, civil engineering and security police. Of the 10% overall growth in the ANG by FY 1991, 45% will take place in these hard to fill fields. This emphasizes the importance of not only a precision recruiting approach but also retention efforts. A full-time retention force continues to pay dividends as losses, as a percent of overall strength, fell again for the seventh straight year.

The ANG is highly dependent on personnel who are competent and reliable. Our 60 percent prior service/40 percent non prior service mix has served us well over the past 6 years by retaining maturity and experience in the force while reducing basic military training and initial technical skills training costs.

At the end of FY 85, females accounted for 11.2% of the ANG force and accession of females was at a 16.5% share of total accessions.

AIR GUARD FULL TIME SUPPORT

In FY 85, the Air Guard exceeded its combined military technician and full-time military (AGR) end strengths. In FY

1986, we expect to fully meet our full-time end strength programs which are 1,021 higher than FY 85 actuals. In FY 87, our full-time personnel growth is made up of 290 technicians and 1,087 AGR's for a total of 1,377. This growth supports force structure, equipment and mission changes.

Future manpower growth will contain a mix of technicians and AGR personnel. This mix wil be determined based on themissions to be performed. The majority of our maintenance and support personnel are currently technicians and this type growth will be programmed as technicians in the future. Security, field training sites, ranges, detached alerts, aircraft operations, recruiting, retention and similar type programs which are military in nature will be programmed as AGR. We anticipate that our full-time force will contain approximately 75 percent technicians and 25 percent AGR.

EQUIPPING AND SUSTAINING THE ARMY GUARD

Modern, high technology, production line new equipment is being provided to the ARNG by the Congress, DOD and the Department of the Army. But at the end of FY 85 the ARNG has only 64% of the equipment it needs to go to war. We feel ethically compelled to not ask American soldiers to fight without giving them all the resources they need to survive and win.

We are in the best peacetime equipment shape we've ever been in, but critical shortages remain. Our highest priority shortages are in air defense artillery, communications, electronics, aviation, field artillery and medical equipment.

A 1984 proposal to accelerate modernization of the ARNG armor force has resulted in a target of mid FY 91 for the total equipping of the ARNG with M1 and M60A3 tanks. An aggressive New Equipment Training (NET) Program was initiated to qualify these crews in the quickest, most efficient manner possible and has been highly successful to date.

Accelerated fielding of field artillery systems is continuing. The automation of our fire direction capabilities is continuing but modernization of our artillery weapons systems remains a challenge with severe shortages in the M198 howitzer and an absence of planning for fielding the MLRS (Multiple Launch Rocket System) to the nine ARNG non-light divisions while it goes to Active Army divisions.

In FY 85, DA distributed equipment worth $1.4 billion to the ARNG. This included the M1 tank, Bradley Fighting Vehicles, Improved TOW Vehicle, M198 Howitzer, and Roland Air Defense system. DA projects equipment deliveries to the ARNG of $1.4 billion in FY 86 and $1.7 billion in FY 87. In addition to follow-on deliveries of the above equipment, new materiel scheduled for delivery in the FY 86-87 timeframe include M60A3 tanks, High Mobility Multipurpose Wheeled Vehicle (HMMWV), FISTV, Heavy Expanded Mobility Tactical Truck (HEMMT) and Chaparral.

DA procured $1.4 billion of equipment for the ARNG in FY 85 and projects procurement of $1.1 billion in FY 86 and $825 million in FY 87. Delivery timeframe for this equipment will be FY 86-90.

Congress has provided a separate appropriation since FY 82 to support procurement of miscellaneous equipment. The $350 million appropriated from FY 82 through FY 85 has been used to improve near term readiness in early deploying units. In FY 86, Congress provided a separate appropriation of $531.8 million for equipment procurement which will be used for combat and support equipment.

ARMY GUARD AVIATION EQUIPMENT

In FY 86, the ARNG has a requirement for 484 attack aircraft. At the end of FY 85, we had on hand 122 AH-1's and 214 UH-1M's. In FY 86, an additional 60 AH-1's will be fielded in the ARNG. Attack helicopter requirements increase to 580 in FY 87 due to ARNG aviation force structure changes. A total of 109 AH-1S's are projected for fielding in FY 87.

The first battalion of AH-64 Apache helicopters will be fielded in the North Carolina ARNG in FY 87 as a result of a Congressionally directed procurement in FY 85.

Fielding of UH-60 Blackhawk helicopters was initiated in FY 83 with the delivery of 2 aircraft each to aviation maintenance units in Ohio and Kentucky. In FY 86, 22 UH-60's will be added to our inventory. Fifteen UH-60's are projected for fielding to units in Virginia and Kentucky in FY 87. At the end of FY 87, we will have a total of 41 UH-60's on hand against a total requirement for 91.

Our medium lift helicopter capability has been enhanced by the addition of 11 CH-47C aircraft procured from the Italian Agusta Aircraft Company as the result of FY 85 Congressional action. these aircraft have been converted to United States standards and incorporate state-of-the-art technology which will improve mission capability.

Twelve C-12 administrative support fixed wing aircraft, procured for the Army Guard by Congress in FY 85 and FY 86, will be delivered beginning in FY 86. The addition of these aircraft will increase our total C-12 inventory to 24 by the end of FY 87.

AIR DEFENSE EQUIPMENT

The Army National Guard is currently organized with seven battalions of Korean War vintage M42 (Duster) Air Defense Artillery (ADA) and one Chaparral battalion supporting eight Army Guard divisions. Additionally, we have one U.S. Roland battalion, a corps level unit that is the only unit of its type in the Total Force. The present force modernization plan replaces our Duster units during the period FY 86-91. Three of our Duster battalions will convert to Chaparral organizations. The ARNG will then have a total of four Chaparral battalions. The remaining Duster units will be reorganized as modern ADA equipment becomes available. Our ADA force will increase in the future with the activation of six divisional battalions, two units for the newest Army Guard divisions and four units to provide replacement for the Chaparral units which will become corps level battalions. By the mid 1990s, the Army Guard ADA force will consist of ten divisional ADA battalions, six Chaparral battalions, and three Hawk battalions. Existing requirements for activation and equipping of ADA units for our Armored Cavalry Regiments and separate brigades will remain for the foreseeable future. Modernization of our air defense capability continues to be our highest priority.

ARMY GUARD COMMUNICATIONS-ELECTRONIC EQUIPMENT

In May 1985, Texas' 49th Armored Division's signal battalion was the first Army National Guard divisional signal battalion to receive the modern multichannel Army Tactical Area Communication Systems (ATACS). ATACS systems were procured with funds made available by Congress for communications equipment in the late 1970s. After receiving this equipment, the signal battalion supported the entire division with reliable, effective, and secure communications during annual training 85. Two more Army Guard divisional signal battalions will receive ATACS in FY 86 with our remaining signal battalions programmed to receive ATACS by the end of FY 87.

Battlefield Communications Review places Army Guard divisional signal battalions and corps Mobile Subscriber Equipment (MSE) battalions in a position to be fielded MSE at the same time as the active units with which they are aligned for combat. This will result in greatly improved interoperability, capability, and compatibility of equipment.

Future Army Guard communications-electronics modernization must provide flexible, secure, reliable communications for our commanders in order to meet the increased mobility and lethality which will occur on tomorrow's battlefield. Each year that Congress has provided dedicated equipment appropriations to the Army National Guard, we have utilized a significant portion of those funds to improve our communications-electronics equipment and readiness posture.

ARMY GUARD ORGANIZATIONAL CLOTHING AND EQUIPMENT

The Organizational Clothing and Equipment (OCE) program has improved over the last two years. Overall, the most significant area of concern is Chemical Defense Equipment (CDE). The Army Guard has 436,000 Chemical Protective Overgarments (CPO). The CPOs will eventually be used for training as they are replaced with the camouflage Battle Dress Overgarments (BDO). We had approximately 140,000 contingency sets of BDOs on hand at the end of FY 85 and are scheduled to receive 160,000 more in FY 86. Our goal is to be able to provide one training set and one contingency set of CDE to each member of the Army National Guard.

OCE is undergoing modernization with new items/systems being fielded and others under development. The fielding of the Personnel Armor System, Ground Troop (PASGT) helmet is in progress. By the end of FY 86, we are scheduled to have on hand 212,000 helmets, receive 215,000 more in FY 87, and the remainder in FY 88. Fielding of the Combat Vehicle Crewman's (CVC) ensemble begins in FY 87 in much the same manner as any major end item of equipment. The fielding will take place over a three year period with the initial 14,500 sets scheduled for fielding in the Army National Guard in FY 87

Overall OCE shortfalls are programmed to be reduced from $434.3 million at the end of FY 85 to $362.4 million at the end of FY 87.

ARMY GUARD REPAIR PARTS

Army National Guard repair parts requirements reflect maintenance costs directly related to the age of the equipment, increased quantities of new and complex equipment, and equipment deterioration caused by increased usage to support year around training programs. FY 85 funding for repair parts of $174.9 million provided an increase of $58.1 million above the FY 84 funded level. This increase significantly enhanced our material readiness through increased stockage of repair parts at units in the form of combat prescribed load lists (CPLL). In addition, FY 85 funding was used to replace authorized stockage list (ASL) items depleted to almost zero balance during FY 84. FY 86 funding will decrease repair parts related maintenance backlogs in all of our maintenance shops, ensuring that adequate quantities of repair parts are available to sustain day-to-day maintenance operations. However, shortfalls will continue in FY 86 due to significant increases in the Army Guard equipment inventory. Requested funding for repair parts in FY 87 of $236.5 million will provide an increase of $7.2 million above the FY 86 level. The most significant improvements will be realized in increased stockage levels of CPLL and ASL repair parts and will fully support day-to-day operational and materiel readiness goals.

ARMY GUARD DEPOT MAINTENANCE

Requested funding for our depot maintenance program fully supports FY 87 overhaul requirements. A series of depot maintenance programs designed to upgrade the condition of our equipment, providing better mission capability, will continue through FY 87. Major overhauls are scheduled for aircraft, combat vehicles, missiles, trucks and other surface equipment that should improve our equipment readiness. Our Rustproofing and Rust Repair Program, designed to improve the condition of truck bodies and chassis, extending the life of tactical wheeled vehicles, will be funded at approximately $3 million. Significant aviation depot maintenance activities are planned in FY 87 which will enhance the readiness of aviation assets and provide increased reliability and sustainability of Army Guard aircraft. We have scheduled induction of 86 UH-1, 2 AH-1, and 19 OH-58 aircraft into Corpus Christi Army Depot for overhaul in FY 87. In addition, 3 CH-54s are scheduled for induction into a sustainment maintenance program at a contractor's site in FY 87.

The Army National Guard depot maintenance program is one of the keys to continued improvement of our materiel readiness. This program provides the opportunity to maintain and sustain older equipment currently in our inventory at the highest possible levels of serviceability until new equipment is issued.

ARMY GUARD MILITARY CONSTRUCTION/FACILITIES

As the reliance on Army National Guard forces increases, our construction and base operations programs are undergoing evolutionary changes to become more responsive to these new missions. Key actions taken by the FY 86 Military Construction program demonstrates this more positive approach. They include construction of a Regional Training Center at Fort Dix, New Jersey, new ranges at Camp Ripley, Minnesota, for winter training; and new combat equipment storage and maintenance sites for expanded unit training in Michigan and Texas. Our FY 87 construction program concentrates on armory construction for the stationing and command functions for the reactivated 29th Infantry Division (Light). Additionally, we plan to construct an academic building for the Reserve Component Tank Commanders Course at Gowen Field, Idaho. the construction of automated rifle ranges in Michigan will permit increased numbers of soldiers to master and sustain marksmanship skills during training periods. This commitment to improve our training facilities is also carried through to our armory modernization and replacement program by expanding the functional areas necessary to support home station training. As the facilities become larger and more complex, the total cost and the unit cost of construction continue to increase.

For the first time in FY 85, direct funding was applied to our Backlog of Maintenance and Repair (BMAR). The reduction of $17 million resulted in a BMAR level of $42.2 million at the end of FY 85. Based on programed funding, we will meet the Congressionally mandated BMAR level of $15.0 million in FY 89.

Maintenance and repair of state owned/operated armories, for which states are 100 percent responsible, has not kept pace with current requirements. This is due, in part, to revised priorities at state level for expanded non-military programs which compete for available state funds and to reduced Federal funding for non-military state programs. Congressional concern with the physical condition of these armories and work space for additional federal employees being assigned due to the increase in federal missions led the Congress to add $33.0 million to our operation and maintenance appropriation in FY 86. This increase will assist the states in supporting Army National Guard personnel working in 100 percent state supported armories. It will help defray utility costs, maintenance and repair costs and modifications to work areas occupied by federal employees. Major repairs, such as roofs and boilers, will be accomplished with the federal funding assistance to aid the states in capital outlay areas.

AIR GUARD MILITARY CONSTRUCTION/FACILITIES

ANG missions can not be accomplished without new and modern facilities. Our Military Construction authorization request for FY 87 of $140 million includes $122.5 million for major construction, $2.1 million for unspecified minor construction, and $15.4 million for planning and design. This includes 34 major facility projects at 26 installations in 21 states. An analysis indicates that approximately three quarters of these projects are required to support new missions, conversions, and relocations. The remaining projects provide for the necessary replacement of facilities which are not economical to maintain. This request is small in relation to our existing $5.4 billion physical plant which averages 28 years of age.

Upon completion of the proposed FY 87 program, some 473 military construction projects, with a total estimated cost of $780 million, will still exist as valid, unfunded requirements. This includes 19 badly needed projects valued at $23.8 million which were deferred as a result of the combined effect of the general reductions to the ANG's FY 85 and FY 86 MCP.

ARMY GUARD UNIT TRAINING

During Annual Training 1985, the 49th Armored Division, Texas ARNG, became the third ARNG division in two years to train as a fully deployed division in the field. Ninety-six percent of the Army Guard field artillery units have successfully completed the 50 hour nuclear qualification evaluation over the last three year period.

Participation by Army Guard combat battalions in training at the National Training Center reached its highest level in FY 85. Five roundout battalions trained with their affiliated active component units. Force modernization actions will reduce our participation to two battalions each year in FY 86 and FY 87.

The Army Capstone Program continues to be important to the ARNG. Capstone provides a specific post-mobilization mission to which our units are able to train eliminating much extraneous effort and producing a better and more efficient training end product. Another example of the increased level and sophistication of ARNG unit training is our participation in Joint Chiefs of Staff (JCS) and Army Major Command (MACOM) exercises. In 1985, 390 units and unit cells participated in exercises in every Army theater, including Europe, Latin America, Korea, Alaska, North Africa and Southwest Asia. This trend continued when Wisconsin's 32nd Infantry (Mechanized) Brigade (Separate) deployed with all its personnel and equipment to Reforger 86 in January of 1986. It marked the first time a full ARNG brigade deployed overseas with equipment in peacetime.

While the 32nd Brigade was the largest ARNG unit to participate, 119 other ARNG units and unit cells also benefitted from the REFORGER 86 training opportunity.

TEAM SPIRIT 86 in Korea marks the largest involvement yet of our units in that major joint exercise. One hundred and forty-six units and unit cells will participate with 16 units shipping their organic equipment for participation in the Free World's largest joint combined exercise.

North Carolina's 30th Infantry (Mechanized) Brigade (Separate) will for the second time deploy a brigade task force with equipment to Italy for participation in DISPLAY DETERMINATION 86. An additional 33 ARNG units will also participate.

BLAZING TRAILS is the umbrella title for all Reserve Component engineer exercises conducted in Latin America. During 1985, 12,000 ARNG personnel conducted engineer and logistical support training in Panama. In 1986, 6,000 ARNG personnel will conduct training in both Honduras and Panama shipping heavy equipment by U.S. Navy sealift.

The ARNG Overseas Deployment Training (ODT) program experienced substantial growth during 1985 to 25,717 personnel in 865 units/unit cells training in 44 countries. In FY 86 we anticipate nearly 26,000 personnel will participate from over 1,100 units.

AIR GUARD UNIT TRAINING

The mission support units of the ANG are making impressive and innovative training advances.

In the past four years, our combat information systems units have deployed over 1500 personnel to Europe, Central America, Southwest Asia and Korea in support of major exercises. In FY 86, they will participate in nearly 40 exercises and deployments worldwide.

Our tactical control units train at home station by participating in system-wide exercises and in addition 13 units deployed to overseas exercises in FY 85. Six deployments are planned for FY 86.

Two engineering installation units deployed to Europe in FY 85 and plans are being made for additional deployments in FY 86 for these as well as our civil engineering and services units and our Prime Ribs Teams.

ARMY GUARD INDIVIDUAL TRAINING

Another proven success is the Army National Guard Key Personnel Upgrade Program (KPUP). The purpose of KPUP is to further develop key personnel in our units through direct association with their Active Component counterparts during tactical training exercises. It allows our personnel to perform in their assigned military occupational specialty (MOS) either in place of or alongside their Active Component counterpart.

These experiences of employing their skills with active units and utilizing the most modern equipment under demanding tactical situations have greatly contributed to improved MOS proficiency. Additionally, it has given our Guardmembers great confidence in their abilities. They return to their units with valuable tactical experience and new techniques which they have practiced in real tactical situations.

The KPUP Program expanded in 1985 with the development of centrally managed programs for specific career fields and major exercises.

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ARMY GUARD NCO EDUCATION AND TRAINING

It is the responsibility of National Guard leadership to provide our noncommissioned officers with the training they need and deserve to permit them to lead our soldiers in battle.

Our commanders and senior noncommissioned officers have applauded the contributions of the Reserve Component Noncommissioned Officer Education System (RCNCOES) to the improved leadership posture of our NCO corps. Success of the program is such that over 33,000 students graduated in FY 85. Estimates are that approximately 35,000 students will graduate from RCNCOES courses in FY 86, more than five times the number that graduated in FY 80, the year the program was implemented. RCNCOES training is devoted primarily to leadership skills.

Our RCNCOES program includes the Primary, Basic, Advanced and Senior Noncommissioned Officer (NCO) Courses and the Reserve Component First Sergeants Course.

All of our personnel must be prepared to meet the same battle tests as infantrymen. The Army National Guard Battle Skills Course is designed to provide instruction in the technical aspects of squad and platoon weapons, their tactical employment, live fire familiarization and planning the use of nonorganic supporting weapons. The training, initiated in FY 84, is designed to complement the "train-to-train" skills taught in the RCNCOES. We expect 2,500 graduates in FY 86 and 3,000 in FY 87.

Another specialized training course initiated in the Army National Guard during FY 84 is the Reserve Component Tank Commanders Course. The purpose of this course is to prepare our NCOs for the duty position of tank commander in a tank company or troop. Students are trained to instruct crew drills and teach basic skills to their crews. The Tank Commanders Course is taught at Gowen Field, Boise, Idaho and will train over 800 Army National Guard tankers during FY 87. Like the Guard's Battle Skills Course, this course fits the needs of Guardmembers with limited time to devote to their military duties.

In order to ensure that the Active Guard/Reserve (AGR) and military technician force meets the same professional standards as their Active Army counterparts, we have developed the Military Education Program (MEP). In most instances, MEP requires that personnel attend the same courses conducted by the Active Army at an appropriate time in their career. Continued service in the AGR program is predicated upon successful completion of MEP. Equally important is active participation in the MEP by our military technicians. This will enhance their ability to perform in both their military and technician capacities.

ARMY NATIONAL GUARD AVIATION TRAINING

Current aviation training efforts have been greatly improved by the FY 83 activation of the Eastern Army National Guard Aviation Training Site (EAATS). Developed to handle the increased training work load in qualifying our aviators to meet individual and crew requirements, EAATS is designed to complement current training programs, not to replace them. A second aviation training site, the Western Army National Guard Aviation Training Site, is scheduled to be operational by FY 87. Its mission will be to supplement unit tactical training requirements.

We have established an intensive night vision goggle (NVG) training program to meet aviation mission requirements. This training requires not only specific flight training but specialized equipment. The Aviator's Night Vision Imaging System (ANVIS) has been designed to help the aviator meet this essential mission requirement. It is necessary for the Army National Guard to receive ANVIS in the near future for its aviation units for increased operational capability, cockpit compatibility, safety and reliability.

The current Department of Defense authorized maximum 24 additional flight training periods (AFTP) is causing concern. As missions increase and become more complex, additional flight opportunities become imperative if our aviators are to retain the necessary level of performance. An increase in AFTP's beginning in FY 86 will enhance the capabilities of ARNG aviation.

ARMY GUARD SAFETY

I am pleased to report our aviation accident rate has decreased from 2.58 accidents per 100,000 flying hours in FY 84 to 1.53 in FY 85. Human error on the part of commanders, aircrew members, supervisors and maintenance personnel continued to be the major factor in these accidents. During FY 85, we experienced a 13% reduction in motor vehicle accidents and a 28% reduction in combat vehicle accidents. To enhance the accident prevention program, we directed our units to designate one of our full-time personnel as a unit safety assistant. We have also developed a unit safety officer/NCO training course. Our analysis indicates a 12% reduction in FY 85 accident frequency from FY 84.

ARMY GUARD TRAINING SUPPORT

We have developed a strategy to improve training opportunities and effectiveness during Inactive Duty Training (IDT), thus enhancing training and improving unit readiness. The "Interlocking Training Strategy" provides the cross-walk from platoon through company to battalion level training outlined as follows:

a. Armory/Garrison training areas employ training devices and simulation exercises to provide training through platoon level.

b. Local training areas are developed to provide training through company level on modern, state-of-the-art equipment/devices to include company and team combined arms live fire exercises or their subcaliber and/or Multiple Integrated Laser Engagement System (MILES) equivalent.

c. Major training areas, normally Annual Training (AT) locations, are devoted to the support of battalion/task force maneuver and combined arms live fire training exercises.

To support our "Interlocking Training Strategy", a full complement of training devices, simulators, and simulations are essential. The FY 86 budget reflects a $37 million commitment by the Department of Army to provide the Army National Guard with technologically advanced state-of-the-art training devices such as MILES equipment for each of our maneuver battalions, the Tank Gunnery Missile Tracking Systems (103 total), the Dragon Launch Effects Simulators, Stinger Launch Simulators, maintenance trainers, and chemical detector trainers. Congress provided an additional dedicated appropriation of $50 million for Non-System Training Devices to the Army Guard in FY 86.

Congress also appropriated $5 million for research and development of Army Reserve Component unique training devices. These funds will be applied to the development of the training device initiative entitled Guard Unit Armory Full-Crew Interactive Simulation Trainer (GUARDFIST). The GUARDFIST initiative complements the "Interlocking Training Strategy" by providing full crew training at the armory/garrison training areas utilizing high technology, interactive video devices.

Another effort to improve IDT training involves the modernization, upgrade, and expansion of local training areas to offer the best opportunity for tactical training close to home. It is designed to maximize time, fuel, and ammunition while reducing materiel operating cost.

Coordination and development continue for the establishment of a Regional Training Center at Fort Dix, New Jersey, to act as a test bed facility for developing combat arms, combat support and combat service support soldier skills through a training device based strategy, for Regional Maintenance Training Sites to emphasize maintenance skill proficiency and Regional Training Sites-Medical for medical related skills.

AIR GUARD TRAINING SUPPORT

Our flying units make significant contributions to the Air Force as a by-product of realistic training. We participate as full partners with other components in overseas deployments, Joint Chiefs of Staff and Air Force training exercises, and Air Guard sponsored Composite Force training exercises.

Our overseas deployments temporarily move entire flying units to theater locations along with ground support personnel, civil engineering, tactical control, and combat communication units. Such deployments furnish the Air Guard with realistic and valuable theater specific training.

The Air National Guard has tested several deployment concepts in order to validate wartime capabilities and maximize training dollars spent. For example, we recognize that air refueling assets will be extremely limited during wartime. Therefore, we continue to use an island hopping deployment concept, moving a squadron from the Continental United States to Europe without air refueling. We successfully conducted such a deployment in FY 85, when we moved 12 A-10s from Maryland to Germany without air refueling. This type of deployment is extremely important considering the likelihood of limited aerial refueling during contingency operations.

In FY 85 both the Strategic and Tactical Air Commands specifically requested Air National Guard KC-135E tankers (recently modified with the powerful JT-3D fan jet engines) support their global deployment requirements. The improved performance capability of these reengined aircraft allows operations from the short runways typical in the European theater and Mediterranean basin. The KC-135E is about 20 percent more capable than Strategic Air Command's old KC-135As. The Air Guard's E-model can take off heavier from a shorter runway, fly farther and deliver a larger offload of fuel than the A-model...and it is significantly quieter. I thank the Congress for their support in providing the necessary funding for the KC-135 reengining program.

During 1985, four ANG units deployed four aircraft each and approximately 300 personnel to Moron AB, Spain for 15 days of annual training in support of the European Tanker Task Force. Training benefits realized were European theater air refueling tactics for our aircrews, unit support operations away from home station for our support personnel and a mobility preparedness exercise for all. Nine ANG KC-135's also provided air refueling support for CORONET BUFFALO in May 85, which deployed 36 ANG A-7's to England in the largest peacetime overseas deployment of ANG aircraft. The 101st AREFW, Maine ANG, acted as Tanker Task Force Command for the ANG KC-135's augmented by USAF KC-135 and KC-10 aircraft. Two units, with four aircraft and 120 personnel, deployed to Cairo, Egypt in August 1985 in support of BRIGHT STAR 85.

In the Southern Command region, the ANG maintains four A-7 aircraft on station at all times in defense of the Panama Canal. These aircraft are supported by our reengined KC-135s, which in addition to performing aerial refueling, move personnel and equipment and free up previously used C-130s for other taskings. We also maintain two Aircraft Control and Warning Radar units in defense of Puerto Rico, and support airlift requirements throughout Central and South America with six C-130 aircraft, a mission we share with the Air Force Reserve.

During FY 85, Air National Guard Tactical Airlift units provided support for 340 missions utilizing 1324 airframe days to Joint Airborne/Air Transportability Training (JA/ATT), an interservice program for the wartime application of airlift. In this program, the various services jointly develop common procedures for combat operations in order to attain and maintain wartime readiness.

The Air National Guard also supports the Army in exercises throughout the world. Joint training programs, such as at the National Training Center, Fort Irwin, California, provide joint training experience for both the Army and the Air National Guard.

To further the ANG fighting capability and familiarize our Air Guard personnel with joint operations, Composite Force training exercises are conducted throughout the year. These exercises are sponsored and planned by Air Guard flying units, Permanent Field Training Sites, and active Air Force units. These exercises encompass all mission areas of the Air Guard and are developed for the specific purpose of providing realistic training for all participants.

As a further measure of the Air National Guard's global readiness and realistic training received, 10 tactical fighter and reconnaissance units participated in 7 overseas deployments to Germany, Norway and England in FY 85. Two of these deployments were joint deployments where two or more units deployed together. This approach has reduced airlift costs, since the units share equipment and resources. Fourteen fighter/reconnaissance units are scheduled to participate in 11 overseas deployments in FY 86.

In recognition of the increasing importance of electronics combat, the Air National Guard has developed a long-term project to design, build, and employ low-cost electronic warfare simulators. These simple, but effective, radar transmitting devices are deployed to Air National Guard gunnery ranges throughout the United States. They are currently being used in large-scale exercises in support of readiness training for US Air Force, Army and Air Guard, US Navy and Marine Corps aviators.

AIR GUARD COMMUNICATION EQUIPMENT

As a result of a recent Air Force policy which sets forth an operational doctrine upon which a combat communications force structure is based, future tactical communications equipment allocations to ANG combat communications units will be based on mission priorities. This doctrine will have a significant impact on the modernization of these units.

Helping to alleviate some of the funding shortfalls and improving modernization, has been the appropriation by Congress of special procurement funds for ANG tactical communications equipment. However, the lack of standardized and modern communications equipment and the need to accept less than optimum capability will not be resolved until equipment provided through the joint DOD TRI-TAC program and other Air Force programs is made available to ANG units. Since the majority of USAF's tactical wartime communications support is tasked to ANG units, modernization of their equipment is essential to insure interoperability with other US and allied forces.

AIR GUARD SAFETY

For the fifth consecutive year we experienced an aircraft major mishap rate below 3.0. The rate for 1985 was 2.8 mishaps for each 100,000 flying hours. This was up from a rate of 1.9 in 1984, but still commendable in light of the high activity level in fighter aircraft. Operator error reduction continues to demand the most emphasis in our continuing accident prevention program. A very successful ground safety program resulted in a military personnel injury rate of 13.0 injuries for each 100,000 personnel assigned (includes weekend personnel). Technicians and Department of the Air Force assigned civilians earned a 1.4 per 200,000 operating hours rate. We have been successful in obtaining funding to place more of the authorized fulltime Safety NCO's in FY 86. By theend of FY 87 all ANG flying units will be funded for a fulltime ground/explosive safety NCO. We anticipate FY 86 to be a record setting, low mishap rate year in all areas for the ANG.

READYING/MOBILIZING THE ARMY GUARD

In FY 85, overall Army Guard readiness, as measured by the Unit Status Report (USR), increased by five percent reversing a downward trend which began three years ago. Indicative of this improved trend were increases in all resource areas: logistics, personnel, and training. In the personnel area, steady improvements were attained in military occupational skill qualification (MOSQ).

Force structure changes and force modernization initiatives continue to have a negative impact on readiness reporting as units are reporting readiness against new wartime requirements before equipment is available for distribution. To counter this bias, we have developed a new policy to delay effective dates of Table of Organization and Equipment (TOE) changes until adequate resources are available to support them and to designate certain modernization items which are in existing TOE non-reportable until they are available for issue at minimum combat ready levels.

In addition, we have developed the Equipment Readiness Analysis (ERA) program. This computerized program manages existing equipment assets and resources by redistributing them throughout the command based upon readiness requirements, optimizing the use of available resources and ensuring better distribution of resources.

Although USR's provide an indication of a unit's resource level, the reports do not give a complete picture of combat capability. For example, an armor battalion receives M1 tanks as replacements for its M60s. This increased capability would not be reflected in its USR. In the past, there has been no systematic means for measuring, reporting, and monitoring changes in warfighting capability. As a result, a system called Measuring Improved Capability of Army Forces (MICAF) was developed.

MICAF is a computer model which measures the improvement in a unit's capability over time resulting from the receipt of new equipment and serves as a supplement to the USR to provide a bridge between equipment status and unit equipment potential.

The MICAF 85 study indicates that the warfighting capability of our divisions, separate brigades and armored cavalry regiments has improved approximately 21 percent from 1980-1985.

As our units are tasked with increasingly demanding missions and deployment dates, our efforts to improve their mobilization preparedness remain an extremely high priority. Over 50 Army Guard mobilization planners were trained at the new Mobilization and Deployment Planners Course at Fort Sam Houston, Texas in FY 85. As our mobilization planning becomes more refined, our methods for exercising plans must also be improved. In that regard, in FY 85, over 600 mobilization exercises were conducted by the states. The exercises included high priority Army Guard units and State Area Commands.

In FY 86, it is expected that 650-700 exercises will be conducted and in FY 87, for the first time, funding should permit large scale involvement of our combat divisions and separate brigades in the exercise program.

READYING/MOBILIZING THE AIR GUARD

I am proud to report that again in 1985, Air National Guard units successfully demonstrated their capability to perform their wartime mission during Operational Readiness Inspections (ORI's). Even through the turbulence related to conversions and modernization, the readiness of our units remains at very high levels.

There are a number of contributing factors to our readiness. Recent adjustments to ANG precedence ratings in the DOD Logistics System has given us parity with like Air Force units. As a result, we have improved our equippage and support posture in consonance with DOD policies. Newer, more modern, equipment is also a factor as fewer logistical problems exist. Thirdly, our people are doing their job. Realistic training and increased activity provides a solid base in preparation for ORI's. These inspections are conducted using realistic wartime scenarios that inject stress and require unit commanders and staff to make decisions that closely approximate what would or could be done in an actual wartime environment. The majority of Air National Guard units, including flying, combat, communications and ground tactical air control units now deploy from their home station to Air Guard Field Training Sites and other locations for their inspections. These deployments accentuate mobility training and experience in unit operations in unfamiliar environments and have materially enhanced unit readiness and capability. One of our combat communications units (263rd, Badin, NC) was the first of any Air Force Combat Communications units to receive an outstanding ORI rating.

FAMILY AND EMPLOYER SUPPORT

Families, employers, and the American public in general must understand that the National Guard carries a major portion of the defense of this nation. Increased participation in National Training Center rotations, JCS exercises and overseas deployment training serve as examples of expanded training required of many units. Our personnel often find it necessary to train beyond the normal two week annual training period and forty eight training assemblies per year. As a result, the potential exists to strain family and employer relationships. Acknowledgement of the moral support of families and economic support of employers during these extended training periods must, therefore, be made. The role of the National Guard in the defense of this nation is increasing and the continued support and understanding of families and employers toward the citizen-soldier is vital to the success of that effort.

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ARMY GUARD SUMMARY

The Army National Guard of today is very different from the Guard of the past. Training demands and the responsible role played by the Guard in national security place a significant burden on its soldiers and their families. They, the soldiers, are meeting the challenges, often through increased personal sacrifice. Our nation is benefitting from the contribution of our citizen-soldiers. The economies derived from a truly effective Army National Guard are felt across a wide spectrum of our society. All Americans are well served by the results.

AIR GUARD SUMMARY

The Air National Guard has proven to be an integral part of the Total Force. The Air Guard exists to support U.S. foreign policy and national security objectives, while providing a State militia uniquely qualified for local disaster and public safety missions. Our responsibilities are truly global, national, and local, and each offers its own set of challenges for the future.

The Air National Guard is ready to meet these challenges. The capability of our citizen airmen to respond to the most demanding wartime missions is a matter of record. We appreciate the continuing strong support of the Congress. That support has permitted the Air National Guard to continue modernization and to make significant progress toward our goal of strength through readiness.

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Mr. **Chappell**. Thank you very much, General. You really stir our interest in this, I for one agree with you wholeheartedly, I want you to know that.

General **Walker**. Thank you.

Mr. **Chappell**. General Temple.

General **Temple**. I believe I will let General Walker's statement stand for that of the Army National Guard.

[The statement of General Temple follows:]

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STATEMENT OF MAJOR GENERAL HERBERT R. TEMPLE, Jr.
DIRECTOR, ARMY NATIONAL GUARD

INTRODUCTION

The National Guard celebrates its 350th anniversary in 1986--350 years of soldiering, 350 years of neighbors helping neighbors, 350 years of dedication and professionalism, 350 years of fighting for and defending the freedom of our country. As we look at our history and into our future, we see a common thread--a military component dedicated to freedom and democracy--citizen soldiers contributing a major portion of the national defense--from 100 percent of the common defense in Colonial Massachusetts to nearly half of the Army's combat capability today.

The National Guard has participated in every major conflict in which our country has been involved--from Bunker Hill to New Orleans, from the Meuse Argonne to Normandy, from Old Baldy to Pleiku, all etched in the chronicles of our history. The Guard has served proudly, fought valiantly, spilled its blood freely and, ultimately, taken the objective. As a matter of fact, only when the citizen soldier has been called to active service has this country rallied, has the tide changed, have we been victorious in major conflicts.

The founding fathers of this country saw the need for a militia composed of citizens ready for call at a moment's notice, citizen soldiers willing and able to defend the common good and, when the crisis was ended, to return to their homes and communities. History has proven that citizen soldiers will give their all, their lives, if necessary, for the common good.

The National Guard is the oldest military institution in this great country, predating all others. In fact, many of our members actually formed and became the leadership of the original regular forces. The Guard has survived, not because of indifference, not because of inflexibility, not because of insignificance, but, rather, because it is a system that works. The system is working so well that the National Guard is being asked to shoulder more and more responsibility for national defense and has become essential to national security. Never before in the history of the National Guard have citizen soldiers been asked to bear the responsibilities and make comparable sacrifices in peacetime than they are today.

Through the continued cooperation of the Congress, the Department of Defense, the Department of the Army, and the states and territories, the Army National Guard has emerged as a dependable and reliable partner on the national security team. As we congratulate ourselves on our successes, however, we must never forget that our achievements have been accomplished through the commitment and personal sacrifices of the men and women who serve in the troop units of the Army National Guard.

Our mission is to deter war through strength. When deterrence fails, we must fight and win. In both instances, our soldiers must pay the price. We build our programs and allocate our resources to support our soldiers.

The National Guard is a unique military force that is deeply ingrained in the economic and social life of more than 2600 communities in our nation. The 3,350 units of the Army National Guard are in many instances a vital part of the history of their state and region. Generations of families have served in the Guard in peace and war. To understand the pride and motivation that serves the National Guard, it is essential to recognize the cohesion and esprit that comes from friends and neighbors striving together for mutual satisfaction and protection.

This combination, along with its heritage of patriotism and valor in battle, gives the Guard its meaning and purpose, and establishes a military foundation seldom found even among many of the regular forces of the world. Our challenge is to focus this combination of remarkable factors to serve the nation's security interests.

Training is the single element which synergizes the capabilities of the Guard for this purpose, but training alone will not develop the necessary product. Equipment is an essential ingredient. In past wars, there has been time for development and manufacture of weapons that allowed our soldiers to be victorious.

Today's threat is different. Guard units will not have time to marshal before the battle. We must have the necessary equipment on hand or readily available for peacetime training or to use in battle within days or weeks of mobilization.

Although training and equipment are unquestionably vital to a military organization, there are other elements which affect its utility. The Army National Guard is aggressively working to bring the following divergent elements together: (a) the continuous maintenance of strength with quality personnel; (b) the routine support of the physical needs of our soldiers and their families while they are on duty; and (c) a sophisticated and functioning management system to allocate and optimize the utilization of the resources provided by Congress to the Army National Guard. Management of those resources must meet the day-by-day peacetime needs of the Army National Guard and be fully integrated into Total Army systems in the event of war.

STATE MISSION

The National Guard responded to emergencies throughout the United States and its territories during FY 1985 by preserving life, protecting property, and helping to maintain law and order. Civil authorities in 45 states and 3 territories relied upon the expertise and responsiveness of the National Guard to confront 614 emergencies of all types. Extreme weather conditions were again the cause of the majority of call ups. They ranged from snow storms and significant cold spells in the northern and southern United States to disastrous flooding and tornado conditions in the central and southern areas during the first six months of FY 85. Considerable tornado and major flooding activities caused many emergencies in the third and fourth quarters including disastrous hurricane conditions in the south and on the northeast coast. In addition, forest fires in the western and southeastern states during the summer of 1985 caused a significant number of call ups . A variety of other natural disasters required the help of citizen soldiers ranging from flood recovery to stream maintenance. Chemical spill, emergency power, potable water, housing of the homeless, medical evacuation, and search and rescue missions were among the humanitarian missions conducted. Missions in support of drug law enforcement agencies continued as an increasing number of states supported the task of marijuana eradication interdiction and other suppression efforts. Increased requests for specialized equipment and personnel in a variety of missions continue to reflect public acceptance of the National Guard as a professional emergency force available to provide vital support to our citizens.

FEDERAL MISSION

ORGANIZING THE GUARD

Forty-five percent of the combat forces and twenty percent of the support forces within the Total Army are provided by the Army NationalGuard. Major unit contributions to the Total Army force structure include ten combat divisions, fourteen separate brigades, four armored cavalry regiments, an infantry scout group, two special forces groups, four TOW (Tube-Launched, Optically Tracked, Wire Command-Link, Guided) light anti-tank battalions, four roundout brigades, and seven roundout battalions. In the event of full mobilization, eighteen of the twenty-eight Army divisions would be furnished wholly or in part by the Army National Guard.

Significant force structure actions in FY 85 and FY 86 continued to revolve around organization of the Army Guard's two newest divisions, the 35th Infantry Division (Mechanized), headquartered at Fort Leavenworth, Kansas, and the 29th Infantry Division (Light), headquartered at Fort Belvoir, Virginia. The 35th Division, made up of units from Colorado, Kansas, Kentucky, Missouri, and Nebraska, activated the headquarters elements of the Division Support Command (DISCOM) and the divisional engineer and signal battalions in FY 85. In FY 86, the maneuver brigades will convert to organic divisional organization, the Division Artillery will be activated and existing field artillery battalions will convert to divisional organization. The Combat Aviation Brigade will be activated along with the divisional cavalry squadron. With the programmed activation of an armored battalion and a target acquisition battery in FY 87, the 35th Division will be fully structured with the exception of its air defense artillery battalion. The Headquarters and Headquarters Company, 29th Infantry Division (Light) was activated 30 September 1985. Organization of the 29th Division will continue in FY 86 by consolidating two separate infantry brigades, Maryland's 58th Infantry Brigade and Virginia's 116th Infantry Brigade, which will form the nucleus of the division. The other elements of the division will be organized through activations and conversions of existing units in Maryland and Virginia.

Two actions begun in FY 84 and completed in FY 85 were organization of the Army's only Infantry Battalion (Mountain) and its only operational all weather, short range air defense unit, the Roland Battalion. Vermont's 3rd Battalion, 172nd Infantry (Mountain), uniquely organized and equipped for missions in mountainous and high alpine terrain, is the first such unit in the Total Army since the conclusion of World War II. The Mountain Warfare School, activated at Camp Ethan Allen, Jericho, Vermont, supports the battalion and further serves as a focal point for mountain training in the Army National Guard. New Mexico's 5th Battalion, 200th Air Defense Artillery (Roland), completed organization of its headquarters and headquarters battery and three firing batteries. The unit became fully operational in FY 86.

Three Army Guard heavy divisions initiated conversion to the Division 86 design in FY 85. These changes in the divisions' structure will be completed in FY 86 with the formation of their Combat Aviation Brigades, modernizing both attack and lift capabilities. The Division 86 changes will provide the divisions the capability to fight all aspects of AirLand Battle. Oregon's 41st Infantry Brigade began its conversion from a roundout to a roundup mission in FY 85 as the 7th Division converts to the light infantry division configuration. The 41st Brigade will maintain its current resource priority and training relationship with the 7th Division, but will become a corps rather than a divisional asset.

Other FY 86 actions involve roundout roles of two Army National Guard brigades. New York's 27th Infantry Brigade, 42nd Infantry Division has been designated as roundout to the active Army's 10th Mountain Division (Light Infantry). It will convert from its divisional brigade role and assume its roundout mission in April 1986. Organization of a replacement brigade for the 42nd Infantry Division is scheduled for FY 87 and FY 88. The roundout role for Hawaii's 29th Infantry Brigade will change to a roundup mission as the 25th Division converts to a light infantry division. The 29th Brigade will maintain its current resource priority and training relationship with the 25th Division, but will become a corps rather than a divisional asset.

Force structure actions in FY 87 will concentrate heavily on aviation force modernization. Aviation support for the five Army Guard Infantry divisions will be modernized with the activation of divisional Combat Aviation Brigades. At corps level, five attack helicopter battalions and five combat aviation battalions will be formed. Other actions involve conversion of the only TOW light anti-tank battalions in the Total Army to a modernized structure, authorizing them the new high mobility multi-purpose wheeled vehicle. Modernization of the six Army Guard armor and mechanized infantry separate brigades and conversion of two Armored Cavalry Regiments (ACR) will occur in FY 87. The ACRs will reorganize into the Division 86 configuration and each will activate a combat support squadron. Additionally, they will consolidate and expand their aviation assets into regimental combat aviation squadrons.

MANNING THE GUARD

Fiscal Year 1985 opened with a record paid end strength of 434,259 and closed with a new all time high of 439,952 soldiers. The closing strength represents 100.4 percent of our projected strength. Commissioned/Warrant Officer strength was 42,340 or 96.8 percent of projections while enlisted strength of 397,612 was 100.8 percent of projections. The net gain of 5,693 end strength over FY 84 was attained through aggressive recruiting and reflects a tremendous effort to increase and sustain strength at this all-time high level. End strength objectives for FY 86 and FY 87 are 450,496 and 462,800, respectively.

We began processing all prior service and non-prior service recruits through Military Enlistment Processing Stations (MEPS) 1 December 1985. The decision to implement full MEPS processing has been primarily in response to the requirement for HTLV-III antibody testing for all applicants entering the Army National Guard. Processing of all applicants at the 70 MEPS locations throughout the nation has a significant impact on travel and administrative processing requirements. We view this as both a challenge and an opportunity; a challenge because it is a dramatic shift in recruit processing operations and an opportunity because we should be able to provide higher quality services to our applicants.

Retention of highly qualified and motivated personnel continues to be one of our primary goals. The most significant and cost effective method of maintaining end strength is through retention. Our efforts during FY 86 and

FY 87 will be directed at educating each Army Guard leader, down to squad/section level, regarding his or her responsibility to the individual soldier. Areas of special emphasis will encourage chain of command involvement in the retention process and revitalization of sponsorship programs.

Officer end strength was the highest level achieved in the history of the Army National Guard, representing 96.8 percent of the budgeted FY 85 objective of 43,751. Major problem areas continue to be shortages of captains in each of the combat arms branches as well as the chronic shortage of special branch officers (medical doctors, nurses, and chaplains).

Over 1300 officers were accessed from the Reserve Officers Training Corps (FOTC) in FY 85. The Simultaneous Membership Program (SMP) provides the majority of our ROTC accessions. This program allows advanced ROTC cadets to be active members of ROTC and serve in the Army National Guard as officer trainees. The SMP remains a key to successful input from ROTC with approximately 2,440 Army Guard participants in FY 85. The next largest source of ROTC officers for the Army National Guard were commissioned under the Early Commissioning Program (ECP). The ECP allows participants to accept an early commission upon completion of advanced ROTC and serve with the Army National Guard until completion of their college degree. Upon graduation, many are accessed into the Active Component while the remainder continue to serve in the Army Guard or Army Reserve.

ROTC Reserve Forces Duty Scholarships were awarded to 91 members of the Army Guard in FY 85. These two-year scholarships are designed to attract college students with outstanding potential as future National Guard officers. The pending expansion of the scholarship program, authorizing three- and four-year scholarships to Army Guard personnel, is expected to enhance the value of ROTC as a source for quality officer accessions.

The State Officer Candidate Schools (OCS) continue to be the most consistently reliable source of Army National Guard career officers. The State OCS programs produced 1,147 second lieutenants which amounted to 28 percent of Army Guard commissioned officer accessions for FY 85. Educational assistance available under the Assistance for Military Professional Development (AMPD) Program contributed toward one of our largest initial enrollments in the State OCS since school year (SY) 79-80. Additionally, State OCS class SY 84-85 experienced one of the lowest attrition rates recorded, less than 42.5 percent. Data to date indicates a continued decline in attrition for SY 85-86. These successes have been achieved in spite of increasing civilian education requirements for initial OCS enrollment. Additionally, 93 officers were commissioned from the Active Component OCS program at the U.S. Army's Infantry School.

Two new programs having potential impact on officer accessions are the Army National Guard Lieutenants Management Team (ALMT) and the Warrant Officer Training System (WOTS). The ALMT was implemented in July 1985 to increase the flow of Reserve Forces Duty (RFD) officers to the Army Guard. The ALMT serves as a focal point to access RFD lieutenants which include newly commissioned ROTC officers and the unassigned pool of obligated, trained officers of the Individual Ready Reserve (IRR). Referrals are made to the States based on reported officer vacancies. The ALMT was responsible for over 412 appointments during three months (July - September) of operations in FY 85. When fully operational, the three-man cell is expected to provide a minimum of 800 additional officer appointments annually.

Implementation of the WOTS at the beginning of FY 86 effectively ended direct appointments for technical service warrant officers. The WOTS provides a life cycle management system for warrant officers, ensuring the availability of qualified warrant officers to meet the current and future needs of the Total Army. Requirements were established by the WOTS for warrant officer candidate training and military occupational specialty (MOS) technical certification prior to initial appointment. Warrant officer appointments after 1 October 1985 are being made as a result of a three step process: (a) applicants are selected and receive preappointment evaluation by a federal recognition board; (b) candidates are required to successfully complete the Warrant Officer Entry Course; and (c) candidates receive warrant officer appointments following technical certification by the MOS proponent agency. Implementation of the WOTS may cause an initial decrease in the number of warrant officer appointments. However, this reduction is not expected to be long term. Ultimately, the system will provide a much improved methodology for the training and appointment of technically qualified warrant officers to meet the needs of the Army National Guard.

Enlisted personnel gains totaled 82,952 representing 95.4 percent of the FY 85 objective. Throughout the fiscal year, nonprior service enlisted accessions continued below projections, while the recruiting of prior service personnel continued to exceed expectations. Nonprior service enlistments were 39,410 or 80.4 percent of objective while prior service gains were 43,542, or 114.9 percent of objective.

Nonprior Service (NPS) enlistments continue to reflect a high quality of personnel. The Congressional ceiling of twenty (20) percent enlistments of Test Score Category (TSC) IV personnel continued in effect this fiscal year. The Army National Guard ceiling was lowered from 12 percent to 10 percent in FY 85. End of FY 85 TSC IV enlistments of 10.8 percent were well below the ceiling imposed by Congress but exceeded the Army Guard objective. Beginning in FY 85, we were able to breakout TSC I-IIIA and I-IIIB accessions. Percentage data for I-IIIA was 46.8 percent and 42.4 percent for IIIB NPS enlistments. We are proud of this continuing record of quality enlistments which is attributable in part to the Selective Reserve Incentive Program (SRIP). During FY 85 the NPS enlistment goal for high school diploma graduates (HSDG) was raised to 72 percent. Beginning with the second half of FY 85, we continued to exceed this objective and ended the year with 75.7 percent of the total enlistments as HSDG. This percentage does not include General Educational Development (GED) enlistments which are considered to be non-high school graduates.

Enlisted losses remained well below the objective during FY 85, both in ETS (expiration term of service) and Non-ETS. The below projected ETS losses, in turn, reflect better than projected retention.

At the end of the fiscal year total minority strength consisted of 112,097 commissioned warrant officers and enlisted personnel, representing 25.5% of the total paid strength. Black strength reflected net gains, especially in the officer category, for FY 85. Black officer strength reflected 4.8% of total officer strength while black enlisted personnel ended at 18.5% of total enlisted strength. At the end of FY 85 Black commissioned and warrant officer strength was 2,048 and enlisted strength was 73,449 for a total of 75,497, comprising 17.2% of the total paid strength.

Female strength increased slightly during FY 85 and continues to be affected primarily by the significant number of female officers and enlisted personnel serving in closed units. Loss of previously open positions in combat support units has impaired recruiting in this area. At the end of the fiscal year, there were 2,209 female commissioned/warrant officers and 20,586 female enlisted personnel for a total of 22,795 female personnel comprising 5.2% of paid strength. FY 85 accessions of enlisted women increased slightly. Over 55% were NPS. Beginning in FY 86, each State was given an enlisted women end strength goal based on the number of positions open to women in the State, the female strength in the State, and the Army National Guard enlisted women strength goal. Even though The Direct Combat Probability Code (DCPC) Policy, implemented in FY 84, closed approximately 66 percent of all positions in the Army National Guard to women, we still have positions available for more women as evidenced by the fact that only 43 percent of all E4 and below positions open to women are filled by women. Despite the constraints imposed on us by the DCPC Policy, we remain committed to increasing the total strength of enlisted women in the Army National Guard.

The SRIP continues to be an extremely important tool for recruitment and retention of our quality force, allowing us to target our personnel resources into high priority units and shortage skills. Currently in excess of 125,000 soldiers in the Army National Guard are participating in one of the SRIP categories. Extension of the SRIP through FY 87 was, in our view, one of the key actions passed in the FY 86 Department of Defense Authorization Act. Other changes were increases in the Reenlistment Bonus and Affiliation Bonus, extension of the Student Loan Repayment Program as a permanent program, and addition of a Prior Service Bonus, a Student Loan Repayment Program for Health Professionals, and the Armed Forces Health Professionals Scholarship Program for the Selected Reserve. These changes will only enhance the viability of SRIP and continue to provide the vital and necessary tools required to attract and retain quality soldiers.

Professional Development Programs

Our future leaders must attain the highest levels of intellectual achievement if they are to lead a better educated force. We have taken steps to ensure a better educated officer corps by requiring: (1) completion of two years of college for all officers by 1 October 1989; (2) completion of two years of college for all State OCS graduates prior to appointment, beginning in 1989; and, (3) completion of a baccalaureate degree prior to appointment to major for all officers appointed after 30 September 1983.

A program providing educational assistance for Army Guard soldiers is the Army Continuing Education System (ACES). ACES was extended to the Army National Guard during FY 86 as a Total Army program providing educational opportunities such as basic skills, high school completion, and part-time college programs not covered under the New GI Bill. Individuals receiving benefits under the New GI Bill are not authorized to receive ACES benefits, and conversely, those receiving ACES benefits cannot at the same time receive benefits under the New GI Bill. Commissioned officers utilizing ACES tuition assistance incur a four year Selected Reserve obligation following the last class taken.

Another program which has proven itself in terms of enhancing the experience and quality of the Army National Guard officer corps is the Captains to Europe, Panama, and Korea Program. This program, now in its fifth year, continues to provide Army Guard officers with active Army experience in an overseas theater. Following either a one- to three-year tour of duty, the officer returns to the Army Guard with valuable experience. During FY 85, 80 officers participated. A total of 19 new officers entered the program and 26 returned to their Army Guard assignments. Department of the Army has recently revised the criteria for participation, allowing first lieutenants to apply. The change should increase participation, enabling the Army National Guard to utilize the 160 positions allocated for the program.

Full-time Support

Full-time support personnel in the Army National Guard at the end of FY 85 represented 63 percent of required full-time support. We are authorized 68 percent of requirements in FY 86. In FY 87, we are requesting an increase of 500 military technicians and 4,990 Active Guard/Reserve (AGR) personnel which will enable us to attain 76 percent of required strength.

The continued growth in full-time support is representative of the emphasis being placed on transforming the Army National Guard into a fully trained, fully equipped modern force capable of rapid mobilization and deployment. The full-time support force is the backbone of the Army National Guard. It supports the increased tempo of training by providing full-time personnel in units to plan, develop, coordinate and conduct required training. It supports the increased tempo in supply management, equipment maintenance, and administration by providing full-time trained and qualified personnel to perform and oversee these functions that are so critical to the achievement of high mobilization objectives placed on the Army National Guard. Some question whether these objectives can be realized by a force of part-time soldiers. Recent success indicates that the Army Guard can meet these objectives if adequate full-time support is provided. The 1985 General Accounting Office (GAO) report "Problems in Implementing the Army's Reserve Components Full-Time Manning Program" recognized that the overall impression in the field is that units are more capable of mission accomplishment because of increased full-time support. Our FY 87 budget request was developed with these facts in mind.

To effectively and efficiently use these full-time assets, we have developed a plan that guides the utilization and positioning of full-time personnel. This plan is based on Congressional guidelines provided to us in 1982. We have found, through experience and analysis, that AGR personnel are better suited for providing full-time support to units, whereas, military technicians are best suited for employment in support activities, including headquarters, supply and maintenance. To derive maximum benefit from our full-time support force, there is a need to separate the functions of AGRs and technicians by aligning each to those responsibilities that are in concert with the purpose of each program. Quoting from the Conclusions and Recommendations of the aforementioned GAO report:

"In our opinion, mixing technicians and AGR personnel in troop units is not organizationally sound and detracts from effectiveness. Of the two alternatives, either all-technician or all-AGR, we believe that the all-AGR force is the preferred choice for the following reasons:

--It offers an immediate solution to the problem of technicians unable to deploy with their units, whereas the all-technician choice would only prolong the situation. (Applies to Army Reserve status-quo technicians only).

--Military pay and benefits, which are higher than comparable civilian pay scales, are a positive factor in the recruitment and retention of qualified personnel.

Finally, we believe that a technician support structure, protecting the rights of current technicians, can be developed along the lines of the **National Guard Bureau's** plan. This plan removes technician positions from deployable units and realigns them in headquarters, maintenance support elements, and other non-deployable organizations."

We have not implemented such a realignment because of a possible conflict with Congressional language prohibiting the movement of technician positions to support activities. We would like Congress to revise the language prohibiting the movement of technician positions and allow us to implement a mix of the force established by Congressional direction in 1982 and endorsed by the GAO in its report.

EQUIPPING THE GUARD

The leadership of the National Guard has often said, "If you will just give us the equipment, we will do the job". Congress, the Department of Defense, and the Department of Army have listened and modern high technology equipment is being provided to our units, much of it right off the assembly line. However, as of the end of FY 85, the Army National Guard was equipped with only 64 percent of the equipment it needs to go to war. Those who have suffered the rigors of battle know full well that units can fight successfully and that entire operations have been conducted with 64 percent of required equipment or less. However, our soldiers need and deserve a full issue of equipment and resources to accomplish their mission and survive on the modern battlefield. Even at full issue, they will be outnumbered and outgunned by our adversary. Our highest priority equipment shortfalls remain in air defense artillery, communications-electronics, aviation, field artillery, and medical equipment.

Ground Equipment

A proposal made in 1984 evolved into a final decision in May 1985 to accelerate modernization of the Army National Guard armor force. By the middle of FY 91, the Army Guard will be totally equipped with M1 Abrams tanks and M60A3 TTS (Tank Thermal Sight) tanks. Once the decision to modernize our armor force was made, we were immediately faced with the challenge of creating, manning, and equipping the first of two M60A3 Displaced Equipment Training (DET) sites to handle the monumental task of training more than 2,900 tank crews over a four year period. To date, that challenge has been met. The initial DET site at Gowen Field, Idaho, was fully operational in December 1985 with a total of six units scheduled for training between January and September 1986. The second DET site is scheduled to become fully operational at Camp Shelby, Mississippi in August 1986.

We are also scheduled to receive 315 Bradley Fighting Vehicles (BFV) and 570 Improved TOW Vehicles (ITV) by FY 91. As of the end of FY 85, 71 BFVs and 247 ITVs have been delivered to the Army Guard. New Equipment Training (NET) is scheduled with the fielding of these systems in the receiving units, many of which are also receiving modernized tanks.

The Army National Guard has three field artillery modernization goals: first, increase the capabilities of firing units by replacing or modernizing old weapons systems; second, automate the fire direction capabilities of all units; and third, optimize the fire support capabilities of units.

We have been successful in automating our fire direction capabilities. We are moving along in fielding the battery computer system (BCS); however, at the current rate, fielding will not be completed until FY 92. The Backup Computer System (BUCS), a hand held computer which is designed to backup the BCS in cases of power failure, has been fielded to all field artillery units. This system, although designed as a backup system, is now the primary automated means of fire direction in a majority of our units until the BCS is completely fielded in the Army Guard.

Modernization of artillery weapons systems continues to be a challenge. It was anticipated that all M-114 series (pre-Korean War vintage) 155mm howitzers would be replaced by the M-198 (155mm) howitzer in general support units. Infantry division direct support artillery units, currently equipped with 105mm howitzers, would also receive the M-198. Funding limitations will require M-114 retention in the force for an indefinite period of time. The M-109 series 155mm self-propelled howitzers are still projected for fielding, reducing the current shortage by FY 92. Additional howitzers may become available through displacement from the active component if the Multiple Launch Rocket System (MLRS) procurement program continues. One corps level MLRS battalion is currently scheduled for fielding in the Army National Guard. MLRS is projected as the general support weapon in all divisions except the light infantry. Currently, MLRS fielding is not scheduled for any of our divisions. Therefore, nine Army Guard divisions will not be as capable as Active Component divisions. Procurement by Department of Army of the British Light Gun (BLG) L-119 (105mm) is scheduled to begin in FY 87. The L-119 howitzer is projected for fielding to the units in our light infantry division and separate infantry brigades.

Modernization of fire support has shown the least progress in the overall modernization of field artillery, although we have had tremendous improvement in units which have received the Fire Support Team Vehicle (FISTV). The FISTV provides the capability to direct high performance aircraft and laser guided munitions to a point target. We have developed a program integrating Army and Air Force fire support in live fire training exercises. Lack of additional fire support equipment hinders our total capability to optimumly utilize fire direction and howitzers. Fire support equipment, automated fire direction, and modern weapons systems such as the M-198 and MLRS are the key to an effective artillery force.

Department of the Army distributed equipment worth $1.4 billion to the Army National Guard in FY 85. This included such major systems as the M1 tank, BFV, ITV, Commercial Utility Cargo Vehicle (CUCV), M-939 5 ton cargo truck, M-198 howitzer, BCS, and Roland Air Defense System. HQDA projects equipment deliveries to the Army Guard worth $1.4 billion in FY 86 and $1.7 billion in FY 87. In addition to follow-on deliveries of the above mentioned major systems, FY 86 and FY 87 deliveries will include the M60A3 TTS tank, High Mobility Multipurpose Wheeled Vehicle (HMMWV), FISTV, Heavy Expanded Mobility Tactical Truck (HEMMT), and Chaparral. HQDA procured $1.4 billion worth of equipment for the Army Guard in FY 85 and projects procurement of equipment worth $1.1 billion in FY 86 and $825 million in FY 87. Delivery timeframe for this equipment will be FY 86-90.

In support of Army National Guard equipment procurement, Congress has provided a separate appropriation to support procurement of miscellaneous equipment yearly beginning in FY 82. The $350 million appropriated from FY 82 through FY 85 has been used to improve near term readiness in early deploying Army Guard units. In FY 86, Congress provided a separate appropriation of $531.8 million for procurement of equipment. This appropriation includes funding for Chaparral fire systems, ITV conversion kits, M-198 towed howitzers, nonsystem training devices, a truck service life extension program, and $333 million for miscellaneous equipment. We plan to utilize the miscellaneous equipment funds to procure communications equipment, armored personnel carriers, 5 ton cargo trucks, M-198 towed howitzers, ITV conversion kits, command post carriers, well drilling machines, tank and pump units, bridge erection boats, laundry units, bridge transporters, and for projects which will facilitate the delivery, storage, training, and maintenance to fully utilize new equipment the Army Guard has received.

Aviation Equipment

In FY 86, the Army National Guard has a requirement for 484 attack aircraft. Our inventory at the end of FY 85 included 122 TOW missile equipped AH-1S Cobras and 214 UH-1M (Vietnam era) attack helicopters which have limited anti-armor capability. Of the 122 AH-1S Cobra/TOW models, 41 are fully modernized production aircraft procured for the Army Guard through Congressional initiatives with the balance composed of displaced Active Component aircraft. During FY 86, 11 more fully modernized AH-1S Cobra/TOW models, procured as a result of Congressional initiatives in FY 83, will enter our inventory as well as 31 displaced AH-1S Cobra/TOW aircraft, resulting from fielding of the AH-64 Apache in the Active Component. Congress initiated a program in FY 84 to modify 87 Army Guard AH-1G aircraft to the AH-1S Cobra/TOW configuration by providing funding for reconfiguration of the first 29 AH-1Gs. Funding for reconfiguration of the second 29 AH-1Gs was provided in FY 85. Delivery of 18 of these reconfigured aircraft is scheduled for FY 86. Thus, a total of 60 AH-1S Cobra/TOW models will be fielded in the Army Guard in FY 86, increasing the total in our inventory to 182.

Our attack helicopter requirements increase to 580 in FY 87 due to Army National Guard aviation force structure changes. A total of 109 AH-1S Cobra/TOW models are projected for fielding in FY 87, of which 40 will be reconfigured AH-1Gs. Congress directed procurement of 18 AH-64 helicopters for the Army Guard from Department of Army appropriations in FY 85. The first battalion of AH-64 Apache helicopters will be fielded in the North Carolina Army National Guard in FY 87. A second battalion of AH-64s is projected for fielding in the South Carolina Army National Guard.

Fielding of UH-60 Blackhawk helicopters was initiated in the Army Guard with delivery of 4 aircraft to aviation maintenance units in Ohio and Kentucky in FY 83. Modernization of our utility helicopter fleet continues in FY 86 when 22 UH-60s will be added to our inventory, 8 of which were procured as a result of FY 85 Congressional action. These aircraft will be fielded to units in Alaska, Kentucky, Oklahoma, and Virginia. Fifteen UH-60s are projected for fielding in the Army Guard in FY 87 to units in Kentucky and Virginia. At the end of FY 87, we will have a total of 41 UH-60s on hand against a total requirement of 91.

Our medium lift helicopter capability has been enhanced by the addition of 11 CH-47C aircraft procured from the Italian Agusta Aircraft Company as a result of FY 85 Congressional action. These aircraft have been converted to United States standards and incorporate state-of-the-art technology which will improve mission capability.

Six C-12 administrative support fixed wing aircraft, procured for the Army Guard by Congress in FY 85, are scheduled for delivery beginning in FY 86. Acquisition, through competitive procedures, of 6 additional C-12 aircraft was directed by Congress for the Army Guard in FY 86. The addition of these aircraft will increase our total C-12 inventory to 24.

Air Defense Equipment

The Army National Guard is currently organized with seven battalions of Korean War vintage M42 (Duster) Air Defense Artillery (ADA) and one Chaparral battalion supporting eight Army Guard divisions. Additionally, we have one U.S. Roland battalion, a corps level unit that is the only unit of its type in the Total Force. The present force modernization plan replaces our Duster units during the period FY 86-91. Three of our Duster battalions will convert to Chaparral organizations. The ARNG will then have a total of four Chaparral battalions. The remaining Duster units will be reorganized as modern ADA equipment becomes available. Our ADA force will increase in the future with the activation of six divisional battalions, two units for the newest Army Guard divisions and four units to provide replacement for the Chaparral units which will become corps level battalions. By the mid 1990s, the Army Guard ADA force will consist of ten divisional ADA battalions, six Chaparral battalions, and three Hawk battalions. Existing requirements for activation and equipping of ADA units for our Armored Cavalry Regiments and separate brigades will remain for the forseeable future.

In the future, the Army National Guard will receive air defense systems under development and command/control sensors which parallel the Army ADA design. All of our divisional ADA units will eventually be fielded with new ADA systems. Modernization of our air defense capability continues to be our highest priority.

Communications-Electronics Equipment

In May 1985, Texas' 49th Armored Division's signal battalion was the first Army National Guard divisional signal battalion to receive the modern multichannel Army Tactical Area Communications Systems (ATACS). ATACS systems were procured with funds made available by Congress for communications equipment in the late 1970s. After receiving this equipment in May, the signal battalion supported the entire division with reliable, effective, and secure communications during annual training 85. Two more Army Guard divisional signal battalions will receive ATACS in FY 86 with our remaining signal battalions programmed to receive ATACS by the end of FY 87.

Battlefield Communications Review places Army Guard divisional signal battalions and corps Mobile Subscriber Equipment (MSE) battalions in position to be fielded MSE at the same time as the active units with which they are aligned for combat. This will result in greatly improved interoperability, capability, and compatibility of equipment.

Future Army Guard communications-electronics modernization must provide flexible, secure, and reliable communications for our commanders in order to meet the increased mobility and lethality which will occur on tomorrow's battlefield. Each year that Congress has provided dedicated equipment appropriations to the Army National Guard, we have utilized a significant portion of those funds to improve our communications-electronics equipment and readiness.

Organizational Clothing and Equipment

The Organizationl Clothing and Equipment (OCE) program has improved over the last two years. Overall, the most significant area of concern is Chemical Defense Equipment (CDE). The Army Guard has 436,000 Chemical Protective Overgarments (CPO). The CPO will eventually be used for training as they are replaced with the camouflage Battle Dress Overgarments (BDO). We had approximately 140,000 contingency sets of BDO on hand at the end of FY 85 and are scheduled to receive 160,000 more in FY 86. Our goal is to be able to provide one training set and one contingency set of CDE to each member of the Army National Guard.

OCE is undergoing modernization with new items/systems being fielded and others under development. The fielding of the Personnel Armor System, Ground Troop (PASGT) helmet is in progress. By the end of FY 86, we are scheduled to have on hand 212,000 helmets, receive 215,000 more in FY 87, and the remainder in FY 88. Fielding of the Combat Vehicle Crewman's (CVC) ensemble begins in FY 87 in much the same manner as any major end item of equipment. The fielding will take place over a three year period with the initial 14,500 sets scheduled for fielding in the Army National Guard in FY 87. These sets include body armor, coveralls, gloves, hood, balaclava, and jacket and are intended to provide essential flame, thermal, and wind protection and increased battlefield survivability.

Overall OCE shortfalls are programed to be reduced from $434.3 million at the end of FY 85 to $362.4 million at the end of FY 87.

Repair Parts

Army National Guard repair parts requirements reflect maintenance costs directly related to the age of the equipment, increased quantities of new and complex equipment, and equipment deterioration caused by increased usage to support year around training programs. FY 85 funding for repair parts of $174.9 million provided an increase of $58.1 million above the FY 84 funded level. This increase significantly enhanced our materiel readiness through increased stockage of repair parts at units in the form of combat prescribed load lists (CPLL). In addition, FY 85 funding was used to replace authorized stockage list (ASL) items depleted to almost zero balance during FY 84. FY 86 funding will decrease repair parts related maintenance backlogs in all of our maintenance shops, ensuring that adequate quantities of repair parts are available to sustain day to day maintenance operations. However, shortfalls will continue in FY 86 due to significant increases in the Army Guard equipment inventory. Requested funding for repair parts in FY 87 of $236.5 million will provide an increase of $7.2 million above the FY 86 level. The most significant improvements will be realized in increased stockage levels of CPLL and ASL repair parts and will fully support day to day operational and materiel readiness goals.

Depot Maintenance

Requested funding for our depot maintenance program fully supports FY 87 overhaul requirements. A series of depot maintenance programs designed to upgrade the condition of our equipment, providing better mission capability, will continue through FY 87. Major overhauls are scheduled for aircraft, combat vehicles, missiles, trucks and other surface equipment that should improve our equipment readiness. Our rustproofing and rust repair program, designed to improve the condition of truck bodies and chassis, extending the life of tactical wheeled vehicles, will be funded at approximately $3 million. Significant aviation depot maintenance activities are planned in FY 87 which will provide increased reliability and sustainability of Army Guard aircraft and enhance the readiness of aviation units . We have scheduled induction of 86 UH-1, 2 AH-1, and 19 OH-58 aircraft into Corpus Christi Army Depot for overhaul in FY 87. In addition, 3 CH-54s are scheduled for induction into a sustainment maintenance program at a contractor's site in FY 87.

The Army National Guard depot maintenance program is one of the keys to continued improvement of our materiel readiness. This program provides the opportunity to maintain and sustain older equipment currently in our inventory at the highest possible levels of serviceability until new equipment is issued.

Military Construction/Facilities

Our construction and base operations programs are undergoing evolutionary changes, becoming more responsive to increased reliance on the Army National Guard for new missions. Key actions taken by the FY 86 Military Construction (MILCON) program demonstrate this more positive approach. They include construction of a Regional Training Center at Fort Dix, New Jersey which will serve as the prototype training facility for developing battalion, brigade, and division headquarters staff command expertise and sustaining individual soldier's skills; new ranges at Camp Ripley, Minnesota, for winter training; and new combat equipment storage and maintenance sites for expanded unit training in Michigan and Texas. Our FY 87 construction program concentrates on armory construction for the stationing and command functions for the reactivated 29th Infantry Division (Light). Additionally, we plan to construct an academic building for the Reserve Component Tank Commanders Course (RCTCC) at Gowen Field, Idaho. The construction of automated rifle ranges in Michigan will permit increased numbers of soldiers to master and sustain marksmanship skills during annual training periods. This commitment to improve our training facilities is also carried through to our armory modernization and replacement program by expanding the functional areas necessary to support home station training. New armories will have more classroom space, areas for training and sustaining vehicle maintenance skills, and space for storage and safeguarding unit supplies and equipment which is sorely lacking in our older armories. These changes result in more complexly designed buildings entering our facilities inventory. As the facilities become larger and more complex, the total cost and the unit cost of construction continue to increase.

For the first time in FY 85, direct funding was applied to our Backlog of Maintenance and Repair (BMAR). The reduction of $17 million resulted in a BMAR level of $42.2 million at the end of FY 85. Based on programed funding, we will meet the Congressionally mandated BMAR level of $15.0 million in FY 89.

Maintenance and repair of state-owned/operated armories, for which states are 100 percent responsible, has not kept pace with current requirements. This is due, in part, to revised priorities at state level for expanded non-military programs which compete for available state funds and to reduced Federal funding for non-military state programs. Congressional concern with the physical condition of these armories and work space for additional federal employees being assigned due to the increase in federal missions led the Congress to add $33.0 million to our operation and maintenance appropriation in FY 86. This increase will assist the states in supporting Army National Guard personnel working in 100 percent state supported armories. It will help defray utility costs, maintenance and repair costs and modifications to work areas occupied by federal employees. Major repairs such as roofs and boilers will be accomplished with the federal funding assistance to aid the states in capital outlay areas.

TRAINING THE GUARD

Some people still perceive Army National Guard training as meeting one weekend per month in an armory and two weeks each summer for nearby field training. Today's Army Guard is far removed from that old image. We are training units and leaders as we have never previously trained. We are raising the level of training because there will be no time after mobilization to do it. Our soldiers consider themselves professional and desire to play a key role in the execution of national security. As these highly motivated soldiers participate in meaningful and realistic training, extending their skills and stamina, it is gratifying to see their pride of accomplishment in what others have said could not be done by Guard soldiers. These are the men and women who come into the National Guard and "stick with it." Training is our best recruiter and retainer.

Unit Training

One of the most significant recent successes in ARNG training has been progress toward our goal of "training-up"--units training at the level at which they are organized, i.e., divisions training at division level, brigade training at brigade level, battalions training at battalion/task force level, etc. During Annual Training (AT) 1985, the 49th Armored Division, Texas Army National Guard, became the third Army Guard division in two years to train as a fully deployed division in the field. The 49th Armored Division successfully executed an ambitious, aggressive AT plan at the division level. The 49th Armored Division thus joined the 1984 lead of California's 40th Infantry Division (Mechanized) and Indiana/Michigan's 38th Infantry Division in achieving the goal of "training up" to the level of organization. These examples of division level training reflect the overall general trend of all units to train at higher levels now as compared to previous years. This trend is so prevalent, and our advocacy so strong, that we have worked with Headquarters U.S. Army Forces Command to revise AT evaluation reports so that they encourage higher levels of unit training.

Another example of "training up" involves our 91 nuclear capable field artillery units. Administration of a nuclear qualification Army Training and Evaluation Program (ARTEP) evaluation is required every three years. FY 85 was the final year of the first three year cycle. In order to successfully complete a nuclear qualification ARTEP evaluation, units must conduct a minimum of 80 percent of their fire delivery tasks while maintaining a 70 percent or better operational readiness in personnel and equipment. Each nuclear capable unit must complete all nuclear level tasks. During the 50 continuous hours of field operations required to conduct the evaluation, a unit must conduct a minimum of five tactical moves of at least five kilometers each. Two of those moves must be at night. Eighty-seven (96 percent) Army Guard field artillery units have successfully completed the nuclear qualification evaluation over the three year period.

Participation by Army Guard combat battalions in training at the National Training Center (NTC) reached its highest level since inception of our training there in FY 83. Five roundout battalions trained with their affiliated active component units at what is unquestionably the Free World's finest combat maneuver training center. Although by strict design no formal evaluation of NTC training is published, indicators are that our units' performance has been very satisfactory, and in some cases exemplary. Force modernization actions will reduce our participation to two battalions each year in FY 86 and FY 87.

We also receive significant benefits from NTC's Leader Training Program, which focuses intensively upon training the chain-of-command from company to brigade level. Fourteen of our combat units participated in this dynamic training in FY 85, and fourteen more are scheduled for participation in FY 86.

The Army CAPSTONE Program continues to be fundamentally important to the Army National Guard. CAPSTONE provides a specific post-mobilization mission, including a post-mobilization organizational structure, to which our units are now able to give definitive direction for their planning and training efforts. Before CAPSTONE, units were required to plan and train for all generic missions, i.e., combat units train for all combat missions, military police units train for all military police missions, etc. As CAPSTONE matures, however, and coordination between our units and their CAPSTONE post-mobilization chain of command becomes more detailed, units receive detailed, clearly defined mission assignments. Thus, the infantry unit, instead of training for all infantry missions, can now direct its planning and training toward its CAPSTONE mission of defending a specific piece of terrain in a preassigned specific wartime area. Another manifestation of the CAPSTONE program finds many Army Guard headquarters assigned primary responsibility for writing portions of, and in some cases, all of the forward deployed corps and theater level war plans. This facet of CAPSTONE development typifies the degree of active reserve component integration achieved under CAPSTONE.

Another manifestation of the higher level of ARNG training is the dramatic increase in both the size and the nature of ARNG participation in Joint Chiefs of Staff (JCS) and Army Major Command (MACOM) exercises. Just three years ago, only 103 Army Guard units and unit cells participated in JCS/MACOM exercises, and only a handful of those shipped equipment to the exercise location. In 1985, the number increased to 390 units and unit cells participating in exercises in every Army theater, including units shipping equipment to Europe, Latin America, Korea, Alaska, North Africa, and Southwest Asia, units drawing POMCUS (Prepositioning of Materiel Configured in Unit Sets), and units charged with primary exercise planning, coordination, control, and support responsibilities. The trend of an increased Army Guard role in JCS/MACOM exercises accelerates in 1986 when Wisconsin's 32d Infantry (Mechanized) Brigade (Separate) deployed with all its personnel and equipment to REFORGER 86, marking the first peacetime overseas deployment of an entire Army National Guard combat brigade. In fact, 1986 is a benchmark year in exercises for our units. In 1986, Army National Guard combat units of battalion size or larger will deploy with personnel and equipment to Germany, Korea, Panama, and Italy. This will be the first time that our combat forces have been deployed with equipment to all of those countries in a single training year. This significant occurrence graphically illustrates the increased role and higher levels of training attained by the Army National Guard.

While the 32d Infantry (Mechanized) Brigade (Separate) was the largest single Army Guard organization participating in the winter REFORGER 86, 119 other Army Guard units and unit cells also participated. One engineer battalion and two medical companies drew equipment from POMCUS stocks, a signal brigade and an infantry (anti-tank missile) battalion joined 10 other combat, combat support and combat service support units in shipping their equipment, while the remaining units used equipment borrowed from or shared with their Active Component sponsor.

TEAM SPIRIT 86 in Korea marks the largest involvement yet of our units in that major joint exercise series. One hundred and forty-six Army Guard units and unit cells, including 16 combat, combat support, and combat service support units scattered from Oregon to Alabama, will ship their equipment and deploy to Korea for the Free World's largest joint combined exercise.

Not only is the size of our contingent significant, but TEAM SPIRIT 86 also carries a particular historical significance to both the Army National Guard and the Republic of Korea. A mechanized infantry battalion, reinforced by a tank company and a combat engineer platoon, from California's 40th Infantry Division (Mechanized), will be the Army Guard combat element deploying its personnel and equipment for the exercise. This marks the first return of a major combat element of the 40th Division to Korea since that division's participation in the Korean War. The 1st Battalion (Mechanized), 184th Infantry, now part of the 40th Infantry Division (Mechanized), was attached to the 7th Infantry Division as part of the Korean occupation force at the end of World War II.

North Carolina's 30th Infantry (Mechanized) Brigade (Separate) will deploy a battalion task force with personnel and equipment to Italy during DISPLAY DETERMINATION 86. The deployment of the task force is the second iteration of what is now a biennial participation by the 30th Brigade in this NATO deployment exercise. A total of 34 Army Guard units, consisting of the 30th Infantry (Mechanized) Brigade and its supporting CAPSTONE trace, will participate in DISPLAY DETERMINATION 86.

GALLANT EAGLE 86, a major Third U.S. Army field training exercise will be conducted in southern California during FY 86, involving almost 3,500 Army Guard personnel in 42 combat service support units and unit cells. Our units will provide logistical support to the participating Active Component maneuver units of Third Army.

BLAZING TRAILS is the umbrella title for all Reserve Component engineer exercises conducted in Latin America. During 1985, 12,200 Army Guard personnel in units and unit cells conducted engineer and logistical support training in Panama. Two engineer battalions' and the equivalent of one support battalion's equipment were shipped to Panama and used by a variety of units conducting 2 week rotations throughout the 5 month exercise. In 1986, 6000 ARNG personnel will conduct engineer and support training in both Honduras and Panama, shipping heavy engineer and support equipment by U.S. Navy sealift.

The Army National Guard Overseas Deployment Training (ODT) program experienced substantial growth in size and significance during 1985, growing to 25,717 personnel in 865 units and unit cells training in 44 countries around the world. We anticipate continued growth in 1986, with nearly 26,000 personnel in over 1,100 units and unit cells currently scheduled to conduct ODT. Those numbers will climb as plans for increased training opportunities in Central and South America, the Caribbean, and the Pacific Basin reach fruition.

Individual Training

The Key Personnel Upgrade Program (KPUP) continues to pay high dividends for our soldiers by providing them an opportunity to practice their military specialties with Active Component units in nearly every Army exercise. KPUP was expanded in 1985 with the advent of centrally-managed KPUP programs. These programs, which expanded the KPUP program to overseas commands, were established for: (1) Medical KPUP to Europe, training over 200 doctors and nurses in exercises in Germany, Italy, and Belgium; (2) Chaplains KPUP to Europe, training 36 ARNG chaplains with Active Component units in Germany; (3) REFORGER KPUP, training 496 personnel with Active Component units playing in the REFORGER exercise in Germany; (4) TEAM SPIRIT KPUP, training 164 personnel with Active Component units in Korea; (5) Signal KPUP to Korea, training 125 ARNG soldiers holding signal military occupational specialties with Active Component units in Korea; (6) Combat and Support Skills KPUP to Europe, training 548 personnel with Active Component units throughout Europe; and (7) Combat and Support Skills KPUP to Korea, training 110 ARNG soldiers with Active Component units throughout Korea. Since these programs were established in 1985, we anticipate they will experience the same exponential growth characteristic of the overall KPUP program.

Another notable expansion of KPUP in 1985 involved participation by Army Guard soldiers with Active Component units at the NTC. In 1985, over 2,500 of our personnel gained valuable experience alongside Active Component unit members at that outstanding facility.

NCO Education and Training

Non-commissioned officers (NCO) are the key element in training soldiers for combat and leading them into battle. In order to ensure that NCOs are professionally competent and can fulfill their mission, we have dedicated extensive resources to provide innovative training opportunities for individual improvement to our NCOs and NCO candidates within the Reserve Component Non-Commissioned Officer Education System (RCNCOES). Included in RCNCOES are the Primary Leadership Development Course, Advanced NCO Course, Senior NCO Course, and the First Sergeants Course. These courses are available to all drilling Army Guard personnel, in addition to similar Active Component courses, and are oriented toward professional development of the NCO and leadership skills.

More than 33,000 Army Guard soldiers graduated from RCNCOES courses in FY 85, greatly exceeding estimated attendance. Our FY 86 goal is to graduate 35,000 personnel. Current participation indicates that we will exceed our goal by approximately 5,000. This reflects a growth of approximately 600 percent in the RCNCOES program since its inception in FY 80 with the growth continuing in FY 87 and beyond.

Current tactical doctrine recognizes the high mobility and fluid nature of the modern battlefield. Lessons learned throughout history have pointed out that all soldiers must be prepared to fight as infantrymen and be able to survive under adverse conditions found on the battlefield. Even though soldiers receive combat training early in their careers, these skills may suffer erosion due to doctrinal changes and addition of modernized equipment systems as they pursue MOS development. The Army National Guard Battle Skills Course (BSC) was developed to sustain combat skills among our NCOs and to better prepare them to lead and teach subordinates. It provides essential performance-oriented training, reinforcing previous training for some students while providing initial combat skills training for others. BSC addresses the technical aspects and tactical employment of infantry squad and platoon weapons systems, live familiarization firing with each of the weapons systems, the use of supporting weapons systems available to the infantry squad or platoon, and battlefield survival techniques. BSC is a 15 day course conducted at Camp Robinson, Arkansas, 17 times a year and is open to all enlisted Army Guard members who are sergeants (E5 or higher), regardless of their military assignment. More than 2,300 of our soldiers have graduated from BSC since its inception in FY 84. We expect 2,500 soldiers to graduate in FY 86 and approximately 3,000 more in FY 87.

The Reserve Component Tank Commander's Course (RCTCC) is conducted at Gowen Field, Idaho. It is a two week program that was initiated in FY 84 to train NCOs in the duties of tank commander. It provides tank commanders with the training required for instructing crew drills and basic armor skills to their tank crews. Over 1,200 soldiers have graduated from RCTCC and we expect to continue graduating approximately 800 students from this program annually. This course is considered by the armor community as the finest tank commander's training being conducted in the Army today.

RCNCOES, BSC, and RCTCC were all developed with the objective of providing essential training opportunities for citizen soldiers who do not have the luxury of being able to leave their civilian jobs for extended periods. We have set professional standards for our full-time force which are the same as their Active Component counterparts. To accomplish this self-imposed standard, we developed a Military Education Program (MEP) for our Active Guard/Reserve (AGR) and military technician personnel. In most instances, MEP requires personnel to attend courses conducted at Army service schools at an appropriate time in their career. AGR personnel must fulfill MEP requirements as a prerequisite for continued employment and military technician personnel will be denied military promotions until they have successfully completed the required training. In addition to the military training aspect of MEP, the majority of AGR and military technician personnel have an additional requirement to complete job-related proponency courses conducted at the National Guard Bureau's Professional Education Center, Camp Robinson, Arkansas. Full-time support personnel are valuable and integral members of their units. They have been instrumental in improved unit readiness, quicker deployability, and providing quality leadership in their units. To lessen the standard contained in the MEP would result in a less effective and ready Army National Guard. Participation in MEP and proponency courses will ensure that our full-time force will continue to provide the competency expected of professional soldiers and will assure improved readiness throughout the Army National Guard.

Aviation Training

Throughout the past decade, new training requirements such as instrument qualification, terrain flying, aerial gunnery, and night tactics have been added to previous requirements for Army Guard aviators and units without the corresponding means of accomplishing them. In addition, increased reliance on Army Guard aviation, as part of the Total Force, and significant increases in our associated aviation force structure have occurred. In an effort to reduce the current and projected aviator training workload of the states and territories, we have developed two centralized Army National Guard Aviation Training Sites (AATS). Training offered at the AATS will produce combat ready aviators while allowing the states to concentrate on unit level training. The Eastern AATS, located at Ft. Indiantown Gap, Pennsylvania, emphasizes individual qualification training in both fixed wing and rotary wing aircraft unique to the Army National Guard. A UH-1 Flight Simulator is operated there accruing annually in excess of 7,000 hours and serving nearly 1,100 Army Guard, Army Reserve, and Active Army aviators per year. In FY 85, the Eastern AATS trained in excess of 550 students in 30 different courses and graduated its 1,000th student since becoming operational in August, 1981. The Western AATS, currently under construction in Marana, Arizona, will provide not only individual qualification training in rotary wing aircraft unique to the Army National Guard, but will also conduct AH-1 training. Training will begin in the latter part of FY 87 and is expected to reach capacity in FY 88. Both the Eastern and Western AATS will operate an AH-1 Flight Weapons Simulator in FY 88 that will serve the regional needs of approximately 500 attack helicopter aviators. The types and quantities of courses offered at the AATS focus on the resource intense training requirements that are costly in terms of manpower, terrain, and time at the state level. Through utilization of the AATS, more time will be available for unit level training during scheduled drills and annual training periods.

We have established an intensive night vision goggle (NVG) training program to meet aviation mission requirements. This training requires not only specific flight training but specialized equipment. The Aviator's Night Vision Imaging System (ANVIS) has been designed to help the aviator meet this essential mission requirement. It is necessary that the Army National Guard receive ANVIS in the near future for our aviation units to increase operational capability, cockpit compatibility, safety and reliability. We are in the fourth year of an eight year NVG qualification training program. This program requires the qualification of all of our rotary wing aviators by FY 87 and maintenance of proficiency for aviators assigned to tactical units. This training is being accomplished commensurate with the availability of resources required to conduct NVG training. To date, 48 percent of our aviators have been trained with NVGs without an aircraft accident. At the conclusion of this program, our tactical aviation units will have a 24-hour day/night mission capability.

The Department of Defense in 1964 authorized a maximum of 24 paid additional flight training periods (AFTP) annually for each Army Guard aviator in addition to the 48 assemblies conducted by the individual's unit. The greater complexity of aircraft, increased exposure to hazards, and associated demands upon the aviator's time have increased significantly since that time. The original intent of the AFTP program was to enhance aviator proficiency through increased opportunity to fly, thereby enhancing safety. Today, the AFTP program has also become essential to acquire and maintain the combat readiness of Army Guard tactical aviation units. To ensure the attainment of a satisfactory degree of combat effectiveness within Army National Guard aviation units, the Army has prescribed aircrew training and readiness standards through the Aircrew Training Program. This has resulted in a significant increase in training requirements and flight hours without a corresponding increase in available training time. The need for increased AFTPs for Army National Guard aircrews has been recognized and supported by the Assistant Secretary of Defense for Reserve Affairs. An increase in AFTPs, beginning in FY 86, will enhance the attainment and sustainment of Army Guard aviator crew member skills through increased opportunities to participate in tactical training. AFTPs have been increased proportionally to aircrew combat training requirements, based upon the mission of the aircraft being flown, and will enhance sustained year-around combat readiness in Army Guard tactical aviation units.

Safety

We constantly train in a dangerous environment. Emphasis on safety in training has come to the forefront in all that we do. It is essential that our commanders, at every level, exercise supervision and awareness to ensure that very dangerous training situations to which our soldiers are being exposed are conducted as safely as possible.

Our aviation accident rate decreased from 2.58 accidents per 100,000 flying hours in FY 84 to 1.53 in FY 85. Human error on the part of commanders, supervisors, maintenance personnel, and aircrews continued to be the major factor in these accidents. Individual accountability at all levels, intensive management of aviation safety school quotas, expansion of training programs, analysis of preliminary reports of aircraft mishaps, the OPERATION SAFEFLIGHT Program, and quarterly aircraft accident review and trend analysis videotapes are major elements in the countermeasure program developed to further the aviation accident prevention program.

During FY 85, we experienced a 13 percent reduction in motor vehicle accidents from the FY 84 level with a rate of 1.60 accidents per one million miles of exposure. A 28 percent reduction was achieved in Army combat vehicle accidents. Non-fatal injuries sustained were reduced 15 percent from FY 84; however, fatal injuries increased 45 percent. To enhance the accident prevention program, we directed our units to designate one of our full-time support personnel as a unit safety assistant. We also developed and fielded a unit safety officer/NCO training course. This training course covers such subjects as Army motor vehicle safety, accident causation, accident investigation and reporting, range safety, weapons and munitions safety, and shop safety as well as off duty recreation safety. In addition, a national safety awareness program has been distributed to all of our units. The FY 85 program, entitled Operation Safe Guard V - "Be in Control", was targeted at reducing the human error factor through by-the-book operations and emphasis on personal awareness and supervisory responsibilities. Our analysis indicates a 12 percent reduction in FY 85 accident frequency from that experienced in FY 84.

Training Support

We have developed a strategy to improve training opportunities and effectiveness during Inactive Duty Training (IDT), thus enhancing training and improving unit readiness. The "Interlocking Training Strategy" provides the cross-walk from platoon through company to battalion level training outlined as follows:

a. Armory Garrison training areas employ training devices and simulation exercises to provide training through platoon level.

b. Local training areas are developed to provide training through company level on modern, state-of-the-art equipment/devices to include company and team combined arms live fire exercises or their subcaliber and/or Multiple Integrated Laser Engagement System (MILES) equivalent.

c. Major training areas, normally Annual Training (AT) locations, are devoted to the support of battalion/task force maneuver and combined arms live fire training exercises.

To support our "Interlocking Training Strategy", a full complement of training devices, simulators, and simulations are essential. This becomes critical in light of the unprecedented integration of modern weapons systems and the increased reliance upon Reserve Component units for war time missions. The FY 86 budget reflects a $37 million commitment by the Department of Army to provide the Army National Guard with technologically advanced state-of-the-art training devices. Procurement of 192 platoon sets of MILES equipment for each of our maneuver battalions is scheduled. Additional devices such as the Tank Gunnery Missile Tracking Systems (103 total), the Dragon Launch Effects Simulators, Stinger Launch Simulators, maintenance trainers, and chemical detector trainers are scheduled for procurement as part of the $37 million package. Congress provided an additional dedicated appropriation of $50 million for Non-System Training Devices to the Army Guard in FY 86 which will be utilized to procure a second platoon set of MILES devices for 192 of our battalions, as well as Electronic Information Delivery Systems (EIDS), maintenance devices, and a Short Range Air Defense (SHORAD) Dome Trainer.

Congress also appropriated $5 million for research and development of Army Reserve Component unique training devices. These funds will be applied to the development of the training device initiative entitled Guard Unit Armory Full-Crew Interactive Simulation Trainer (GUARDFIST). The GUARDFIST initiative complements the "interlocking Training Strategy" by providing full crew training at the armory/garrison training areas utilizing high technology, interactive video devices. Current initiatives include an armor device and an artillery device, dubbed GUARDFIST I and GUARDFIST II, respectively. Our tank modernization effort will provide the Mobile Conduct of Fire Trainers (MCOFT) for our units receiving the M1 and M60A3 tanks and the M2/M3 Bradley Fighting Vehicles. Deliveries begin in FY 86.

Another effort to improve IDT training involves the modernization, upgrade, and expansion of local training areas to offer the best opportunity for tactical training close to home. It is designed to maximize time, fuel, and ammunition while reducing materiel operating cost.

Coordination and development continue for a Regional Training Center (RTC), Regional Maintenance Training Sites (RMTS), and Regional Training Sites-Medical (RTS-MED). The RTC planned for Ft. Dix, New Jersey, will be a test-bed facility for developing combat arms, combat support, and combat service support soldier skills through a device-based training strategy. The RTC's battle simulation center will provide leader training at battalion, brigade, and division level. The RMTSs will be located in areas with a high density of non-divisional maintenance units. Pilot RMTSs are scheduled for Camp Shelby, Mississippi and Fort Bragg, North Carolina during FY 86. The RMTS will be the keystone in training for Reserve Component non-divisional maintenance personnel to repair current and modernized equipment. The RTS-MED will provide Army Guard medical units with complete sets of

Deployable Medical Systems hospital equipment for training while affording standby emergency support to civil authorities in disaster scenarios. Army Guard medical units will deploy to the sites, draw hospital equipment, and perform training in a field environment. The two Army Guard locations, Camp Shelby, Mississippi and Ft. Indiantown Gap, Pennsylvania, will be operational in FY 88 and FY 89, respectively.

READYING/MOBILIZING THE GUARD

The Army National Guard continues to receive higher priority missions and demanding deployment schedules. Since 1984, the number of Army Guard units with priority missions has increased by 25 percent to a level where 85 percent of our deployable units have such missions. This includes units that deploy from D-day to D+60 and others with high priority sustaining base, training base or theater defense missions. Consequently, it has become increasingly important that our units be manned, trained, equipped, and sustained at a level that will enable them to attain and maintain a combat deployable status.

In FY 85, overall Army Guard readiness, as measured by the Unit Status Report (USR), increased by 5 percent, reversing a downward trend which began three years ago. Indicative of this improved trend were increases in all resource areas: logistics, personnel, and training. In the personnel area, steady improvements were attained in military occupational skill qualification (MOSQ).

Although a positive trend is evident, critical areas impacting on overall readiness remain. Force structure changes and force modernization initiatives continue to impact on Equipment-On-Hand (EOH) and MOSQ. EOH is affected due to requirements to report readiness against new wartime requirements prior to equipment availability. Although the overall MOSQ trend is improving, it is also affected by equipment shortages which inhibit individual/collective training and MOSQ readiness improvements. The result of the changes has been a bias which suppresses readiness ratings reported on the USR.

To address this bias, we developed and disseminated a mandatory policy to manage instant unreadiness. This policy eliminated the reporting bias by providing for delaying effective dates of Table of Organization and Equipment (TOE) changes until adequate resources are available to support them. It also designated certain modernization equipment items nonreportable until resources are available at the minimum combat ready level of fill or until programmed fielding dates for the equipment, whichever is earlier.

In addition to the policy to manage instant unreadiness, we developed the Equipment Readiness Analysis (ERA) program. This computerized program enables us to better manage existing equipment assets by redistributing them throughout the command based upon readiness requirements, optimizing the use of available resources.

To ensure effective implementation of these readiness initiatives, we placed increased emphasis on State Readiness Committees, designed to identify readiness inhibitors and intensively manage corrective action.

These policies to improve readiness, combined with dedicated funding from Congress for procurement of equipment, promises long term positive improvements in readiness.

Although USRs provide an indication of a unit's resource level, the reports do not give a complete picture of combat capability. For example, an armor battalion receives M1 tanks as replacements for its M60s. This increased capability would not be reflected in its USR. In the past, there has been no systematic means for measuring, reporting, and monitoring changes in warfighting capability. As a result, a system called Measuring Improved Capabilities of Army Forces (MICAF) was developed.

MICAF is a computer model which measures the improvements in a unit's capability over time resulting from the receipt of new equipment and serves as a supplement to the USR to provide a bridge between equipment status and unit equipment potential. The MICAF 84 study results showed that warfighting capability for the eight Army National Guard combat divisions improved 20 percent from 1980-1984.

The MICAF 85 study, which also evaluated our separate brigades and Armored Cavalry Regiments (ACR), shows similar capability improvements. Results, though not finalized, indicate that warfighting capability for those same eight divisions, plus our 18 separate brigades and four ACRs, has improved approximately 21 percent from 1980-1985. The Active Component divisions which include Army National Guard roundout units showed even more impressive gains.

As our units are tasked with increasingly demanding missions and deployment dates, our efforts to improve their mobilization preparedness remain an extremely high priority. Over 50 Army Guard mobilization planners were trained at the new Mobilization and Deployment Planners Course at Fort Sam Houston, Texas in FY 85. Plans for FY 86 and FY 87 are to continue input to the course at that level. As our mobilization planning becomes more refined, our methods for exercising plans must also be improved. In that regard, in FY 85, over 600 mobilization exercises were conducted by the states. The exercises included high priority Army Guard units and State Area Commands. More than 150 of these exercises were conducted in conjunction with units participating in Overseas Deployment Training in Europe, Korea, and Latin America. In 1986, it is expected that 650-700 exercises will be conducted. In 1987, for the first time, funding should permit large scale involvement of our combat divisions and separate brigades in the exercise program.

SUMMARY

The Army National Guard of today is very different from the Guard of the past. Training demands and the responsible role played by the Guard in national security place a significant burden on its soldiers and their families. The soldiers are meeting the challenge, often through increased personal sacrifice. Our nation is benefitting from the contribution of our citizen-soldiers. The economies derived from a truly effective Army National Guard are felt across a wide spectrum of our society. All Americans are well served by the results.

ARMY NATIONAL GUARD BUDGET

NATIONAL GUARD PERSONNEL, ARMY

The FY 87 National Guard Personnel, Army (NGPA) budget request of $3,485 million provides pay and related expenses for Army National Guard personnel.

Table 1 shows Army National Guard personnel paid end strengths. Table 2 shows NGPA funding by budget activity. The FY 87 request supports a paid end strength of 462,800 personnel. Our FY 87 recruiting objective of 101,099 accessions is composed of 50,835 Non-Prior Service (NPS) and 50,264 Prior Service (PS) personnel. The full-time military Active Guard/Reserve (AGR) support force increases to 28,721 (4,990 over FY 86). Funding requested for NGPA supports increases in: (1) the number of trainees in Pay Group F ($13 million); (2) participation in Schools and Special Training ($69 million); (3) AGR strength ($212 million); and (4) Education Benefits (the New GI Bill)($2 million). The Selected Reserve Incentive Program (SRIP) increases by $.5 million.

TABLE 1

US Army National Guard
(Paid End Strength)

	FY 85 ACTUAL	FY 86 ESTIMATE	FY 87 REQUEST
Pay Group A	388,310	397,395	405,940
Pay Group F	16,231	18,146	19,041
Pay Group P	14,352	11,224	9,098
Active Guard/Reserve (AGR)	21,059	23,731	28,721
Total	439,952	450,496	462,800

TABLE 2

National Guard Personnel, Army
($ in Millions)

	FY 85 ACTUAL	FY 86 ESTIMATE	FY 87 REQUEST
Pay Group A	1,596	1,715	1,709
Pay Group F	201	228	241
Pay Group P	19	18	15
School Training	153	170	207
Special Training	150	160	192
Administration/Support	747	906	1,121
Total Program*	2,866	3,196	3,485

*Totals may not add due to rounding

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

The budget activities of the FY 87 Operation and Maintenance, Army National Guard (OMNG) appropriation are shown in Table 3. Real growth in FY 87 (approximately $56.3 million) is composed of: (1) $37.2 million to support an FY 86 Congressional increase in military technicians (2,500) and the FY 87 requested increase in military technicians (500); and (2) approximately $19 million to support the Standard Army Multi-Command Management Information System (STAMMIS). The FY 87 request supports a technician and civilian end strength of 27,553 (27,129 military technicians and 424 Department of Army Civilians) at a cost of $759 million. It provides operational and training support for a paid end strength of 462,800 Army National Guard personnel.

TABLE 3

Operation and Maintenance, Army National Guard
($ in Millions)

	FY 85 ACTUAL	FY 86 ESTIMATE	FY 87 REQUEST
Training Operations	160	177	177
Logistical Support	972	1,066	1,142
Base Operations	127	186	190
Depot Maintenance	47	82	67
Headquarters and Command Support	83	106	138
Recruiting	32	46	50
Medical Support	11	20	23
Total Program	1,432	1,683	1,787

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The FY 87 request of $121 million for Military Construction, Army National Guard (MCNG) provides for 56 major projects. Included in the major projects are 16 new armories, alteration/expansion of 13 existing armories, 1 aviation facility, 17 training facilities, 7 equipment maintenance facilities, 1 U. S. Property and Fiscal Office facility, and 1 logistical facility. The requested increase for major construction supports the projects costing $400,000 and less for improved training ranges, storage, and smaller maintenance facilities. Table 4 displays the MCNG appropriation by major category.

TABLE 4

Military Construction, Army National Guard
($ in Millions)

	FY 85 ACTUAL	FY 86 ESTIMATE	FY 87 REQUEST
Major Construction	74	75	97
Minor Construction	16	15	5
Planning and Design	9	12	19
Total Program	99	102	121

Mr. **Chappell**. General Temple, do you want to associate yourself with his remarks.

General **Temple**. Generally, yes.

Mr. **Chappell**. You don't want to take anything away or add anything.

General **Temple**. No, I don't think so.

Mr. **Chappell**. General Berkman.

General **Berkman**. Yes, Mr. Chairman, members of the Committee, I have submitted a statement for the record, and I request that be included.

I would like to summarize my remarks at this time.

Mr. **Chappell**. All of the statements are in the record at this point.

SUMMARY STATEMENT OF MAJOR GENERAL BERKMAN

General **Berkman**. Thank you, Mr. Chairman.

I am pleased to be here today on behalf of over 600,000 citizen soldiers, men and women who are contributing to our national security as members of the Army Reserve.

I would like to report to you that today's Army Reserve is the best Army Reserve our nation has ever had. It is more ready, better equipped, and trained than it has ever been, and it is better led and better managed than ever before. The readiness equation we have been talking about today includes a number of elements, personnel, training, equipment.

I would like to address just a few comments to each of those elements of readiness.

On the personnel side at the end of fiscal year 1985, nearly 270,000 members of Army Reserve assigned to troop program units, that number will go up to 285,000 by the end of 1986, and incidentally that is almost 100,000 more individuals in troop program units of the Army Reserve than there were at the end of 1979.

The President's budget request will provide for an increase of some 14,000 in paid drill strength, 1500 full-time Reservists in the AGR program, 400 Military Technicians and 1400 individual mobilization augmentees assigned to active component organizations. So on the personnel side, we will continue to close the gap between peacetime on hand and wartime requirements to about 13,000.

The Army Reserve is attracting high quality, young men and women and keeping them. In fiscal year 1985, 88 percent of the non-prior service personnel enlisted into the Army Reserve were high school diploma graduates, and the current figure for fiscal year 1986 is over 90 percent. Four years ago that figure was only 48 percent.

We have been enjoying improved retention by the troop program units commanded by Forces Command as a result of its emphasis on increased attention to retention.

I, too, would like to emphasize, as did General Walker, that the incentives are important to attracting and keeping people. Bonus programs are needed as well as the educational assistance incentives now captured in the GI Bill for Reserve Components.

On the training side, the tempo and quality of Army Reserve training have increased significantly over the past few years. Overseas deployment training is growing and continues to grow. In fiscal year 1986, nearly 20,000 Army Reservists will train overseas. We will train nearly 5,000 Reservists in exercise BLAZING TRAILS this year in Panama and in Honduras.

There will be 1,300 participating in the exercises in Korea, approximately 1,900 in Reforger in Germany. Mission oriented training is strengthened when Reserve Component soldiers train where they may actually have to fight.

A particularly dramatic example are the Army Reserve units that are part of Third Army, that is the Army element of Central Command. Central Command has the responsibilities in Southwest Asia.

Army Reserve units comprise about 30 percent of the Third Army. Sixty percent of the personnel at Third Army Headquarters are Reservists. Last summer for the first time, elements of those units participated in exercise BRIGHT STAR in Egypt, and other Mideast countries. It included representatives and elements from major Army commands such as the transportation command in Orlando, Florida; a coal and water distribution unit from Farrell, Pennsylvania; major logistical headquarters from New Orleans; an engineer command from Chicago; and an MP brigade from Maryland.

All of this kind of training is frequently cited as a reason for why experienced Reservists stay and are retained as part of the program.

Another element important to that training is fulltime unit support personnel, AGR, as well as military technicians who serve their units on a full-time basis assisting the drilling of Reservists to achieve readiness goals. Historically the Army Reservists have had the lowest percentage of full-time unit support of any component of any of the Services. Four or five years ago it was about 4.4 percent; the 1987 budget request will bring that figure closer to six percent.

That is very important.

Equipment is another element of the readiness equation. A lot of attention is given to equipment on hand and equipment readiness. You have asked Secretary Webb about that, Mr. Chairman. It is also important for the Committee to note that the Army Reserve has received over $705 million in dedicated funding over the past few years. Congress appropriated some $360 million in fiscal year 1986 for the Army Reserve equipment procurement. This funding must yet be authorized before it can be utilized to improve the readiness posture of Army Reserve units, and it is important that that authorization and funding be maintained.

The Individual Ready Reserve continues to receive attention. In addition to the experience of the January 1986 Musters, there will be beginning in fiscal year 1987 a screening process for each member of the Individual Ready Reserve.

Concomitant with that, the Army is making additional efforts and emphasis on improving the Individual Ready Reserve and developing the training strategies required to maintain that force as a viable and important part of the Total Army.

In conclusion, there have been steady improvements in the areas of personnel, training, and equipment, and they have resulted from our efforts to achieve readiness goals. We still have a way to go.

Today's Army Reserve is, however, the finest in our history. These improvements have been due in large measure to the longstanding interest and support of the Congress, and indeed this Committee. With that continued support and cooperation, soldiers of the Army Reserve will be ready to meet the requirements of DoD and challenges of tomorrow.

I am prepared for your questions, Mr. Chairman, and members of the Committee.

[The prepared statement of General Berkman follows:]

Mr. Chairman and members of the committee:

I am pleased to be here today on behalf of approximately 600 thousand citizen-soldiers, men and women who are contributing to our national security as members of the Army Reserve.

Today's Army Reserve is the best Army Reserve our nation has ever had. It is more ready and better trained than it has ever been. It is better equipped, better led and better managed than ever before.

Selected Reserve

The readiness equation elements consists of personnel, training, and equipment. I will address each briefly.

At the end of FY 85 there were nearly 270 thousand members of the Army Reserve assigned to troop program units. That number will go to 285 thousand by the end of FY 86. (Incidentally, that is almost 100 thousand more than the number in troop program units at the end of 1979.)

The President's budget request will provide an increase in FY 87 of 14 thousand paid drill strength, 15 hundred full time Reservists in the AGR program, and 1,400 individual mobilization augmentees assigned to active component organizations. This will continue to close the gap between wartime requirements and peace time troop program unit strength to about 13 thousand.

The Army Reserve is enjoying success in attracting high quality young men and women into its troop program units. In FY 85, 88.9 percent of the nonprior service personnel enlisted into the army by the US army recruiting command were high school graduates. (Four years ago, the figure was only 48.1 percent.) US Army Forces Command, which commands the Army Reserve troop program units, is emphasizing retention throughout the chain of command. As a result, the attrition rate has been declining. The higher quality of our enlistees contributes to improved retention. High school graduates' retention rates are 50 percent higher than those of non-high school graduates.

Recognizing the reality of demographics, in order to attract high quality young men and women to the Army Reserve we need to offer a variety of incentives such as the bonuses in the selected reserve incentive program and an educational assistance incentive. The bonus program pays a variable bonus to persons enlisting in the Army Reserve in certain critical skills or high priority units. Experience has also demonstrated that those who enlist for the bonus remain in the Army Reserve longer than those who do not. If we are to meet our selected reserve enlistment goals for FY 86 of about 77 thousand and for FY 87 of 78 thousand, the continuation and expansion of the selected reserve incentive program including an educational assistance program is essential.

The bonus and educational assistance programs should not be viewed as mutually exclusive. Neither is a substitute for the other. They are aimed at different groups of people and have different objectives. They are both needed.

Demographic realities, to which I alluded earlier, indicate a decline in the number of young people available for military service. This means we must increase our efforts to reach potential enlistees and inform them of the opportunities and benefits associated with service in the Army Reserve. In 1986, we are adding nearly 60 more full time personnel to our recruiting force. We will also carefully study and adjust our national advertising campaign to ensure that it remains as effective as possible.

Training

The tempo and quality of Army Reserve training has increased significantly in the past several years. Overseas deployment training grew from 12 units/cells in FY 1976 to more than 11 hundred in FY 1985. In FY 1986, nearly 20,000 army reservists will train overseas. We will train nearly 5,000 army reservists in exercise BLAZING TRAILS in Panama and Honduras this year;

nearly 1,300 in exercise TEAM SPIRIT in Korea; approximately 1,900 in REFORGER in Germany. The sense of making a contribution to the national security is greatly strengthened when reserve soldiers actually train where they may have to fight. An example are the Army Reserve units that are part of Third U.S. Army - the army element of central command. Army Reserve units comprise about 30 percent of Third U.S. Army. Sixty percent of Third U.S. Army Headquarters are reservists. Last summer elements of those units participated in exercise BRIGHT STAR in Egypt and other mideast countries. This kind of training experience is frequently cited by experienced reservists as a primary factor in their decision to stay with the program. The personnel savings and avoided training replacement costs represented by this increase in retention clearly mark this kind of training as a prudent investment by the Total Army.

FTUS

Historically the Army Reserve has had the lowest percentage of full time support personnel of the Reserve Component of any service. In FY 82 the full time support personnel (AGR, military technicians) represented only 4.4 percent. The FY 87 budget request will support full time support at approximately 6.0 percent.

The FY 87 budget request increases reservists on active duty in the AGR program by 1,500 personnel to almost 14 thousand. Army Reserve AGR personnel are on duty to assist drilling reservists meet their readiness goals by carrying out required day to day operations, thus enabling unit members to concentrate their limited available time on training. Some AGR personnel serve in assignments above the unit level. However, the great majority of the AGR growth will serve in Army Reserve units with which they would mobilize and deploy. Along with military technicians, they assist in training, administration and logistics. Their contributions are vital to readiness improvements since they multiply the efforts of troop program unit members. For example, senior Army Reserve leaders inform me that the AGR reservists in full time unit support positions made possible reserve unit participation in BRIGHT STAR, Egypt, and BLAZING TRAILS in Panama by providing duration support at home station and at the exercise site.

Equipment

Since FY 1981 the Army Reserve has received over $705 million in dedicated procurement funding. The Congress also appropriated funds for FY 1986 - this funding must yet be authorized before it can be utilized to improve the readiness posture of Army Reserve units. Since FY 1981 the Army Reserve has received equipment valued at almost $1 billion from the Army procurement system. This new equipment has significantly improved Army Reserve training and capabilities. Progress is being made even though based on dollar value of equipment on-hand we are $2.03 Billion short of wartime requirements.

Operation and Maintenance, Army Reserve

The Operation and Maintenance, Army Reserve budget request for FY 1987 of $793 million will fund increased full time recruiter support as well as advertising and market analysis. It will increase force modernization and force structure for activations and reorganizations, and it will provide repair parts, training, and facility modifications to streamline the integration of new weapon systems in the Army Reserve. The request will provide an additional 409 Army Reserve technicians to support Army Reserve units and will also fund increased training and education and development of full time reservists who support Army Reserve units.

Individual Ready Reserve

The Individual Ready Reserve (IRR), the Army's primary source of pretrained military personnel has grown from 213 thousand in 1981 to an FY 85 end strength of 302 thousand.

By the end of FY 91, the IRR will number more than 461 thousand. IRR personnel are required upon mobilization to bring Active and Reserve Component units up to wartime strengths, to serve as replacements until inductees can be trained, and as cadre for units formed after mobilization. The enlisted members of the IRR consist principally of personnel with a military service obligation who have served in the Active Component, the Army Reserve, and the Army National Guard. The IRR is managed by the Army Reserve Personnel Center (ARPERCEN), a Field Operating Agency of the Chief, Army Reserve. IRR members train by taking correspondence courses, attending Army Reserve schools, and serving on tours of Active Duty for Training at service schools or with active army units. Their training is limited by their own availability and the availability of training funds. A comprehensive training program for enlisted IRR personnel is being developed and the entire IRR is receiving renewed emphasis by the Army.

Last year's defense authorization act directed the Secretary of Defense to "conduct a test of the ability of the Army to muster members of the Individual Ready Reserve of the Army in time of war or national emergency." The test muster was to be national in scale and to determine the availability and fitness for duty of the IRR as well as the adequacy of current call-up procedures. Nearly 7,000 IRR members were mustered in 13 cities in January 1986. Specific activities of the muster operation included updating of personnel information; issuing of reserve ID cards; briefing personnel on Army Reserve benefits and programs; conducting enlistments into the Ready Reserve; conducting common skill and selected specialty testing; fingerprinting; and medical screening. These activities were designed to update the mobilization data base to review call-up procedures, increase selected reserve strength, and increase IRR participation in training. An initial report on the FY 1986 IRR muster was submitted to the Congress on 1 February 1986. A more detailed report was submitted last week.

The Office of the Secretary of Defense has directed a mandatory screening of the IRR of all services in FY 87. The purpose of the FY 87 IRR screen is to determine mobilization availability of the IRR. The Army will review IRR members' physical condition, dependency status, military qualifications, civilian occupational skills, and availability for service. The screen will become an important element in managing valuable human assets as we implement training strategies to maintain and enhance their military skills.

Conclusion

Steady improvements in the areas of personnel, training, equipment, and mobilization capability have resulted from our efforts to achieve readiness goals. Although we still have a way to go, today's Army Reserve is the finest in history. These improvements have been due in large measure to the long-standing interest and support of the Congress and this committee. With that continued support and cooperation, the men and women of the Army Reserve will remain ready to meet the requirements of today and the challenges of tomorrow.

EFFECT OF GRAMM-RUDMAN-HOLLINGS ON NATIONAL GUARD IN 1986

Mr. Chappell. Thank you.

Let me address some of the high points. As you know, we are short on time.

General Walker, give us your impression of what effect Gramm-Rudman-Hollings is going to have on the National Guard.

General Walker. First of all, for the Army National Guard, it is going to most significantly affect O&M. General Temple will elaborate on the $80 million O&M reduction in FY86.

Mr. Murtha. O&M?

General Walker. Yes, sir, in 1986. There are also some reductions in personnel accounts, too, and a normal amount in construction accounts.

The Air National Guard is going to be affected too. General Conaway will talk about the flying hour and the technician programs.

Those are the two biggest problems he has. At this point we cannot tell about 1987, but it has hurt us in 1986 already.

Mr. Murtha. If we don't exempt personnel, it will have a serious effect, right?

General Walker. If we extend Gramm-Rudman for five years, it cannot help but affect our personnel accounts.

Mr. Dicks. It has got to hit personnel the first year.

General Walker. Yes, sir, I didn't say that. I said if we extend Gramm-Rudman for five years, it cannot help but significantly affect personnel accounts.

Mr. Dicks. Those of us who were against letting Gramm-Rudman-Hollings go into effect, are hoping Congress develops an alternative budget. We want to know how many people are going to come out of the Guard and Reserve because of the personnel cut. Under sequestration across-the-board. What would the effect of Gramm-Rudman-Hollings be in the respect?

General Temple. Let me clarify the fact that personnel are exempt.

Mr. Dicks. Only in 1986.

Mr. Chappell. Only the first time.

General Temple. The first year they were exempt—this year——

Mr. Dicks. We are talking 1987.

General Temple. If you indeed trigger Gramm-Rudman in FY87 you reduce the Army National Guard strength by approximately 43,900.

Mr. Dicks. Out of how many?

General Temple. Out of 462,800. We are budgeted to have 462,800 at the end of FY87. We would have to reduce our AGR force by 4700 full-time personnel. The military technician force will be reduced by approximately 2400 full-time employees.

General Temple. Over $500 million in funding will be lost.

Mr. Chappell. Continue, give us the rest of the effect of Gramm-Rudman-Hollings on your program.

General Temple. Reduces $160 million in modern equipment going to the Guard and Reserve, and renders approximately 80 percent of military construction program unexecutable, requiring redesign and increased costs.

Mr. **Dicks**. How many?

General **Temple**. Approximately 80 percent of the military construction program.

Mr. **Dicks**. Is that because when you take say a 10 percent cut or 8 percent cut, you have to go back and redesign each project?

General **Temple**. If you have a reduction in the overall costs, in many cases you have to redesign.

EFFECT OF GRAMM-RUDMAN-HOLLINGS ON ARMY RESERVE IN 1986

General **Berkman**. Gentleman, in the Army Reserve that percentage is against each individual project, not just at the appropriation level but—against each project.

Mr. **Dicks**. I wonder how you will do MilCon when each project stands on its own. You don't incrementally fund it, so much each year. Some of the big projects you might, but not the smaller ones. So what you are saying is they will have to be redesigned. That will be an enormous cost, right?

General **Berkman**. Yes, sir. Each project will take a percentage reduction and——

Mr. **Dicks**. I want to be sure the Chairman heard that, because the Chairman serves on the military construction subcommittee. They have just testified that 80 percent of the military construction projects will have to be redesigned if the across-the-board cut goes into place. That is enormous.

Mr. **Chappell**. No question about it. It is a problem. What concerns this Committee very much is the fact that if this triggers we are going to have disastrous results for the military. Not only the military, but many other important programs around this country.

Looks like we are locked up in a situation where we cannot cut many of the domestic programs further. It looks like many are assuming we will have to have new taxes and that if we don't have new taxes, the automatic cuts under Gramm-Rudman-Hollings very likely will trigger for fiscal year 1987—unless the Supreme Court determines them to be unconstitutional. That is the thing that concerns us, and we want to let the results of a possible automatic triggering in 1987 get in the record here so we will understand it.

Gramm-Rudman-Hollings Reduction on National Guard

General **Walker**. Let me also put in for the Air National Guard another statement.

The Air National Guard stands to lose 15,000 people, 2000 full-time technicians, and another big cut in their flying hour program. I would suggest you allow us to go back for the record and put this in.

Mr. **Chappell**. Yes, we encourage you to do so. We want the record to be complete.

[The information follows:]

If Gramm-Rudman-Hollings is triggered in FY 1987 and if one assumes a nine (9) percent reduction against all programs, the approximate impact on the National Guard is as follows:

(a) Reduces funding for the Army National Guard (ARNG) by $500 million and the Air National Guard (ANG) by $281.8 million.

(b) Reduces ARNG paid end strength by 43,900 to include 4,700 full-time military Active Guard Reserve (AGR) personnel and ANG paid end strength by 10,200 to include 750 AGR personnel.

(c) Reduces ARNG military technician workyears by 2,400 personnel and ANG military technician workyears by 2,067.

(d) Reduces flying hour program by nearly 33,000 hours for ARNG and by nearly 40,000 for ANG.

(e) Since the Military Construction Program is impacted on a line item basis, all projects are in greater risk of exceeding acceptable bid limitations. This lack of flexibility will generate a number of cost overruns, redesign efforts and reprogrammings which adversely affect the entire program.

(f) Severely impairs modernization efforts, creates manning shortages, and adversely affects readiness levels.

General **Berkman**. I would like to submit it for the record, too. It depends on what that percentage cut is, but we can give you some examples of what it is.

Mr. **Dicks**. Let's just do it on the basis of the budget that is now before us, we are talking about basically OMB predicts $182 billion deficit. What would it be if it is $182 billion in deficit? They have numbers, what do you base your numbers on?

General **Walker**. On a 9-percent reduction.

Mr. **Dicks**. For the Army Reserve?

General **Berkman**. Let me give that for the record. I don't have it readily available, but it will be in the same magnitude because our program——

Mr. **Dicks**. It looks like about a 10-percent cut. How many people do you have now in the Army Reserve?

General **Berkman**. Say 285,000 drilling Reservists——

Mr. **Dicks**. Twenty-seven thousand then.

General **Berkman**. And our technicians are growing to about 7,000 and 7 or 8 thousand AGR will be there, so it is in the same magnitude.

So our program budget activity against which that cut will be the same as the Guard.

Mr. **Chappell**. From the Guard and Reserve, our information is we will lose almost 100,000 men if the automatic cuts trigger and there is no exemption for military personnel.

General **Walker**. That is a good figure according to our information.

Mr. **Miller**. Before you leave that subject, Mr. Chairman——

Mr. **Murtha**. Would you repeat that. I missed that statement. This is Gramm-Rudman-Hollings?

General **Walker**. Yes, sir.

Mr. **Murtha**. You said we could lose——

General **Walker**. The Chairman said you had the information of a hundred thousand reduction for all the Guard and Reserves.

Mr. **Chappell**. We heard yesterday we would lose well over 100,000 out of the active Services, and we will lose right at a hundred thousand from the Guard and Reserve. My next question is what does that do to the Guard and Reserve?

General **Temple**. Quite obviously, sir, it renders the current contingency plans for the security of the United States inoperable. The fact is that the United States Congress has been devoting resources to the enhancement of the Army National Guard to the level where it is a force of 440,000 soldiers with contingency misisons putting our soldiers on the battlefield within days of D-Day. If Gramm-Rudman triggers, it is apparent we will not have the size of the force to do that and resources to sustain them on the battlefield.

So that is a question with which all of us will have to come to grips.

Mr. **Chappell**. Yes.

General **Berkman**. Just to reinforce that, in my posture statement for the Army Reserve, there is a chart that indicates the wartime structured contribution of active Guard and Reserve, and approximately 50 percent of the Army's requirements are in the Guard and Reserve. Indeed a 9-percent reduction of the resources supporting that force is a substantial reduction in that capability and will be very damaging to the Army's capability of performing its mission.

Mr. **Murtha**. Where do you get the figure 9 percent?

General **Berkman**. Say we have approximately 1 million now in the Reserve Components and it is a 9-percent reduction as a result of Gramm-Rudman, that would be about 100,000. That is the figure that has been mentioned.

Mr. **Chappell**. Amplify if you will for the record.

[The information follows:]

Effects of a 9-Percent Reduction on the Army Reserve

A 9% reduction in Total Obligational Authority (TOA) would have a far reaching impact upon the readiness posture of the Army Reserve and would affect certain strength levels much more than 9%. For instance, a 9% TOA reduction would require a reduction of nearly 60,000 in a paid drill end strength program of 299,200. This amounts to a 20% reduction and seriously affects achievement of wartime strength levels. This reduction would also reduce AGR growth by 750 from the planned increase of 1,500 as well as reducing military technician growth by 605. These reductions would seriously impede our ability to provide full time support to our troop program units. This reduction would eliminate about 37,000 school and special training tours for members of troop program units. Cancellation of this training will adversely affect individual skill training and Reserve units' planning ability. This reduction would also totally deny mobilization skill training for nearly 9,000 (20% of those programed for training) IRR soldiers. Depot Maintenance would be cut 9% and could postpone needed maintenance of trucks, aircraft and other sensitive equipment. Other base operations cuts would eliminate 345 civilian support personnel and cause significant reductions in supplies and equipment and necessary contracts. The cumulative effect of a cut of this magnitude on the Reserve Personnel as well as the operations side cannot be fully measured at this point, but I can assure you the impact would have far reaching effects on near term and future Reserve readiness.

Mr. **Chappell**. Let me turn just——

Mr. **Miller**. Before you leave that subject, Mr. Chairman, of Gramm-Rudman-Hollings.

Mr. **Chappell**. Yes, please go ahead.

Mr. **Miller**. I have supported the military and I supported Gramm-Rudman-Hollings because somewhere along the line we must reduce spending. Now, I hope the Congress will make the decisions and not allow the computer to do it. I am not sure whether we will, but I hope so.

We have heard many examples from various witnesses about Gramm-Rudman-Hollings will do to them, but when you speak of redesigning 80 percent of your military construction program, that bothers me a little because if you redesign to make them a little smaller, I know it is going to cost more and it is going to cost probably as much as you would save in the projects. But I don't believe you have to redesign.

Frankly, there are always frills of some kind that can be put off. The basic design can be put in, installed if it is a facility. There are some areas of the country where even heating and air conditioning systems can be held off until the following budget.

So I am not sure that we have to redesign 80 percent of those projects. I would like to hear more about that, why we could not put off some of the frills for 1 year. Some of the items we might consider to be very essential, but in some parts of the country, they can be put off for the next budget.

General **Temple**. Sir, I agree with you. I am not a construction expert but I suspect that many of the things you are saying are certainly applicable.

My only concern is that construction people I talk to tell me that there are cost savings in constructing the entire project as part of the original contract.

But I cannot vouch for that. I am simply not knowledgeable enough to do it. The figures given to me are that 80 percent of your construction program is unexecutable if Gramm-Rudman triggers. A great number of projects will require redesign and if that logic is correct, then we may be buying a program that is far more expensive by putting it off than by making it part of a single contract to be built in a single year.

But that is coming from a layman who shares your interest. We share your concern for the cost of the military program because if we don't have a viable economy, there is no sense in any of us putting on this uniform and doing the job you are asking us to do. But if we are going to be training the soldiers, which is the botton line in the program, funding for training facility construction must not be reduced if it in any way reduces the ability to train the soldiers.

Mr. **Miller**. I understand this, and I am very much concerned about the reduction in personnel. When we talk about construction and redesign of 80 percent of it, I don't believe it is necessary, and that is not coming from a layman. I can assure you that it has been done before, it is possible to do it, and I wouldn't want to have the Services jumping on Gramm-Rudman-Hollings for something that may not be exactly accurate or someone has given you some misinformation.

General **Temple**. Very well.

Mr. **Miller**. Thank you.

SUPPLEMENTAL AUTHORIZATION FOR GUARD AND RESERVE EQUIPMENT

Mr. **Murtha** [presiding]. General Walker, I went to the Philippines as co-chairman of a delegation to observe the election. Every place we stopped I asked the military what impact Gramm-Rudman-Hollings had this year on their budget. I found unfortunately the first thing cut is flying hours—these happened to be Air Force bases. Then we went on to talk about it at some length.

It is a relatively small percentage cut in fiscal year 1986. It worries me it is such an important readiness item and of course, this Committee has been so involved in trying to increase readiness of the Reserve and National Guard. I believe we have put $800 million for the Reserves and the National Guard into the budget above the authorized level, thinking that we would be able to hold those figures subject to authorization.

What does it do to you if you are to get the entire money or what amount of that money is intended for you. Could you comment on that? Are you familiar enough with the money to be able to comment on which parts of it are important? Because when H.R. 4420, the Armed Services bill, comes before the House, I think it is important for us to recognize what is important to the National Guard and Reserves so that we can vote on any amendment that may be offered on the floor of the House.

I understand only a few programs have been retained, basically on the House side I don't think they have struck agreement yet which allows this money to be retained.

Could you comment on what that would mean to the Guard and Reserve, the $800 million?

General WALKER. Sir, as I understand what the Senate has done, they have remarked and authorized $478 million of the $843.4 million appropriated but not authorized for equipment.

That is for the total Reserve Component community.

I don't think that $478 million is broken out for specific items for us. I am at a loss to tell how to answer the question.

Mr. MURTHA. As I understand the situation, the authorization for these funds is in the military retirement bill and the changes that have been made are very slight. In other words, they have not gone along with all our recommendations. But you don't have any recommendations for us about what portion of that money should be saved. The Senate, as I understand, is 478 million?

General WALKER. 478 million, yes, sir. I can get you something.

Mr. MURTHA. If you would, that would be helpful to us because if we cannot get it done on the floor at least hopefully we will be able to get it in conference and save the essential parts of those programs because having looked at the National Guard and Reserve over the years, I can see the vast improvement. I can remember when you didn't have ammunition to fire, they were limited to the amount of small arms ammunition they had, didn't have artillery ammunition, you had deadlined combat aircraft because of lack of spare parts, didn't have flying hours, on and on and on with readiness items not being taken care of.

So I appreciate a list like that if you would.

[The information follows:]

SASC FY 86 SUPPLEMENTAL AUTHORIZATION FOR GUARD AND RESERVE EQUIPMENT

The overall increase in authorization provided by the Senate Armed Services Committee (SASC) for Guard and Reserve equipment, above what was provided in the FY 86 Department of Defense Authorization Act, is $478 million. That compares to a total of $843.4 million appropriated but not authorized for Guard and Reserve equipment in FY 86. The increased authorization recommended by the SASC provides an increase of $198 million for the Army National Guard, composed of $166 million for Miscellaneous Equipment and $32 million for a Truck Service Life Extension Program, and $45 million for the Air National Guard for Miscellaneous Equipment. With wartime required equipment shortfalls at the end of FY 85 amounting to $10.2 billion in the Army National Guard and $1.2 billion in the Air National Guard, any resources which can be directed toward procurement of equipment will enhance readiness. Equipment on hand is the major inhibitor to improving readiness in both the Army and Air National Guard.

GUARD AND RESERVE EQUIPMENT

Mr. MURTHA. Have you commented on the readiness items that would be cut under Gramm-Rudman-Hollings?

General WALKER. No, sir, we have not.

Mr. MURTHA. Would you comment on that? We would appreciate it if you would elaborate on the effect of potential Gramm-Rudman-Hollings reductions on equipment and readiness in 1987 for the record. There are some things that probably can be deferred. I have always believed that the military has to take some cuts along with everybody else, but on the other hand we certainly don't want to get back to the position where we were when we had an inadequate services and weren't prepared to go forward.

General BERKMAN. We will provide that, yes.

[The information follows:]

According to the Army's FY 1987 Procurement Program, the Army Reserve is scheduled to receive approximately 65 major line items of equipment. Total dollar value of this equipment is approximately $353 million and a nine percent reduction mandated by Gramm-Rudman-Hollings would have an unavoidable import on readiness. Such a reduction would significantly impair the Army Reserve's ability to enhance its equipment readiness status. To the extent possible equipment reductions will be accomplished in areas with limited impact on readiness.

General WALKER. Do you want me to comment on that.

Mr. MURTHA. Yes.

General WALKER. You appropriated $531.8 million in dedicated funds to the Army National Guard. $333 million of that was for a number of things to include a number of communications items, APCs, M-113s, some 5 ton trucks, 72 howitzers, and so on. We can furnish this to you, sir.

General WALKER. In addition to the miscellaneous equipment funding, we received chaparral for air defense, our most critical combat equipment shortfall area. We also received funding for ITV modification kits and $50 million for training devices and simulators.

Mr. MURTHA. That saves us money because if you have the simulators you don't need the actual pieces.

General WALKER. Right. We can furnish the details for the record for you.

Mr. MURTHA. For the record.

[The information follows:]

ARMY NATIONAL GUARD MISCELLANEOUS EQUIPMENT

The $333 million appropriated in FY 86 for Army National Guard Miscellaneous Equipment, if authorized, will be utilized to procure the following equipment:

[illegible]

[Dollars in millions]

Nomenclature	Cost	ARNG wide percent of fill [1]
Howitzer, medium, towed, 155MM, M198	43.0	60
Improved TOW conversion kits, M901A1	41.1	55
Command post carriers, M577A2	35.5	83
Communications security equipment	5.6	34
Small unit transceivers, AN/PRC-126	5.1	50
Single channel ground and airborne radio system (SINCGARS)	55.6	([2])
Drill, machine, well, 1500 ft	3.3	100
Tank and pump units, liquid dispensing	1.3	91
Laundry unit, trailer mounted	1.9	100
Subtotal	293.0	
	[3] 40.0	
Total	333.0	

[1] Reflects what the percentage of fill would be after procurement of the above equipment.

[2] As a part of the Army's overall modernization efforts, force development actions necessary to define total ARNG requirements for these items have not been completed at this time. However, it is anticipated that the procurement quantities for these items represent only a small percentage of total ARNG requirements.

[3] FY 86 appropriation language states that up to $40 million of the $333 million appropriated may be used for minor projects to facilitate delivery, storage, training, and maintenance of National Guard equipment.

AIR NATIONAL GUARD MISCELLANEOUS EQUIPMENT

The $75 million appropriated in FY 1986 for Air National Guard Miscellaneous Equipment, if authorized, will be used to procure the following equipment:

[Dollars in millions]

Items	*Cost*
Air combat maneuvering system	$25.00
Troposcatter radio terminals (6)	13.50
C-21A aircraft (4)	13.20
TSQ 111 technical controls (TRI-TAC)	9.00
C-22B digital weather radar	[illegible]
A-7 night vision goggles	3.70
AIM 9L for RF-4C aircraft	1.20
AIM 9L adapters for A-7/F-4 aircraft	.40
AIM 9L technical data and TCTO's	1.00
Battle damage repair tool kits	1.90
Medical x-ray machines	.19
Optometry systems equipment	.11
Field trailer kitchens	1.53
A-7/F-4 video recorder systems	2.27
Medical Equipment	.30
Spectrum analyzers for engineering and installation units	1.20
Total	[1] 75.00

[1] This amount includes $45.0 million which was appropriated but not authorized.

ARMY RESERVE EQUIPMENT

General **Berkman**. For the Reserve, that dedicated procurement will bring a substantial number of high priority or early deploying Reserve units up to a readiness condition that they had not previously achieved. We have that information and will provide it to this Committee.

[The information follows:]

Dedicated Procurement funds for the Army Reserve would be used to enhance readiness in early deploying units. If $350 million were allocated to the Army Reserve for miscellaneous equipment, up to 479 units could reflect readiness improvement. A proportionate number of units could be enhanced with equipment if fewer or additional funds were provided to the Army Reserve. The following is a list of equipment which could be procured for the USAR:

SAR DEDICATED PROCUREMENT LIST

U.S. Army Troop Support Command

Nomenclature	*Quantity*
Floodlight set tlr mtd	46
Generator set dsl eng PU-405	89
Generator set dsl eng PU-650	44
Hoseline fuel 4 in	18
Position determine system	12
Pump assy flam	22
Reefer mech comm	18
Test kit petroleum avn	34
Test set pwr AN/USM-428	19
Test set pos/az system	19
Survey instr AZ ltwt	13
Survey instr dis M M P	18
Tool outfit pioneer	20

U.S. Army Medical Materiel Agency

Anesthesia app PTB	88
Sterile surgical dress 16X36IN	249
Sterile surgical instr dress	240
Table Operating field	89

U.S. Army Communications and Electronics Command

Counter measure set AN/ALQ-147AV1	50
Cable assembly CX-11230/G	325
Digital data generator	14
Electronics shop AN/ASM-189 LP	82
Electronics shop AN/ASM-190 LP	31
Electronics shop AN/ASM-146 LP	113
Electronics shop AN/ASM-147 LP	42
Generator hand cranked	129
Night vision goggles AN/PVS-5	2,453
Night vision sight AN/TVS-5	454
Night vision sight AN/PVS-4	1,638
Oscilliscope OS-261/U	51
Platoon early warning system 2	170
Oscilliscope	57
Power supply PP-4763/GRC	65
Power supply PP-6224/U	337
Pulse form restorer TD-982G	73
Restorer TD-206/G	181
Time div digital TD-1069/G	68
Tape transport CTG	15
Tool kit wirewrap	36
Test set countermeasure	10
Test set radio AN/GRM114	38
Telephone set TA-838/TT	280
Test set RDR AN/TPM-25	10
Voltmeter digital AN/GSM-64	80
Generator DC G-76	123
Power supply PP-7462/U	21

Radio set AN/PRC-112(V)¼	64
Remote keyboard	45
Tac sat com RDO set	32
Tactical Army combat service support computer system	76
Support equipment	241

U.S. Army Missile Command

Display set (FAAR)	17
Ground support equipment, GLLD	13
Guided missile launcher system	54
Night sight equip, thermal imaging	106

U.S. Army Tank-Automotive Command

Adapter hardware	11
Distribution water truck	46
Distr water sp nonsect	15
Loader scoop 2½ CY	86
Semitrailer TK 5000G M967	300
Roller motorized 2 CCE	18
Scraper earth mover SP	138
Semitrailer LB 22 ½T M871	100
Semitrailer FB transporter 34T	200
Semitrailer LB 40T6 WHL	77
Semitrailer TNK 5000G M969	100
Semitrailer van expan M313	12
Truck util shltr carr WE	10
Truck LF DD 10000 Lb. 48 IN	57
Truck LF DD 4000 Lb RT	29
Truck Trac HET M911	20
Truck trac 6X4 M915	100
Truck util 1¼ 4X4 WE	14
Truck wkr tact 8X8 HVY E	10
Tophandler 20FT IC F C	42
Tophandler 35FT Sealand	35
Tophandler 40 ft	39
Truck trac 66000 M916	100
Truck util armt 1 ¼T	92
Spreader lift frt cont	16
Spreader lift iso con	10
Tractor ft ls ded med	44
Tractor ft W/ANGDOZ W/	8
Tractor whl whs 4000LB	10
Trailer CGO ¾TN M101A1	150
Trailer CGC 1½T M105A2	25
Trailer wtr 400G 1 ½TN	53
Truck CGO drop side 5TN	330
Truck CGO 5TN 6X6 LWB W/E	343
Truck dump 15 ton DED	20
Truck dump 20T DD 12 CY	40
Truck pallet 4000LB CAP	51
Truck trac 5TN 6X6 W/E	196
Truck wkr 5T 6X6 WN W/E	55

U.S. Army Armaments Chemical and Munitions Command

Dispenser mine M128	51
Generator smoke mech pulse	189
Howitzer med sp 155MM M109A	15
Howitzer med twd 155MM M198	28
Launcher gren smoke screen	76
Machinegun cal .50 HB FLEX	62
Machinegun 7.62MM LT FLEX	163
Shop Eq elec rep se	20
Shop Eg elct	28
Shop Eq radiator	19
Test set elec system	21
Tool set veh ft No. 2	24

Pistol 9MM auto XM9	1,451

U.S. Army electronics materiel readiness activity

Receiving set radio AN/TRQ-30V	42

U.S. Army communications security logistics activity

Battery case Z-AIJ-El	3,337
Elct key gen TSEC/KG-82	155
Elec key gen TSEC	12
Elct key TSEC/KG-83	12
Fixed Plant KWX-11/TSEC	15
Interface control unit	10
Key distribution center auto	12
Speech security equip TSEC/KY-57	6,579
Vehicle power supply, HYP-57 TSEC	5,796
Wireline adapter HYX-57	1,272

Mr. MURTHA. Thank you.

General Walker, this is your last appearance here, but you look too young to be retiring. You have done a great service for the country and we all appreciate the great work you have done. Come back and see us any time.

General WALKER. Thank you for your kindness to me, sir. It has been great.

Mr. MURTHA. Thank you.

We will have a number of questions for the record.

[CLERK'S NOTE.—Questions submitted for the record and the answers thereto follow:]

NON-DEPLOYING AGR PERSONNEL

Question. One of the selling points the department used in the expansion of the AGR full-time support program was that the AGR personnel would nearly always deploy with the Guard and Reserve unit. However, in the case of the National Guard, those AGR personnel assigned to the state area commands do not deploy. Is that correct?

Answer. When mobilized by proper authority, the State Area Command will come under the command of a CONUSA, or Joint/Unified Command in Alaska and Hawaii, as directed in the mobilization order. The State Area Command will be mobilized with or before the first ARNG units mobilized for a full or total mobilization. State Area Commands normally mobilize in place and do not deploy. However, upon mobilization all concerned National Guard Soldiers including AGR's are available for world-wide assignment.

Question. Does this situation give you cause for concern?

Answer. No, the number of AGR's authorized State Area Command, excluding the full-time recruiting force and manning of the automated personnel system, is small. Recruiting must be supported in order to attain authorized paid drill strength and the personnel system (SIDPERS) is designed to interface with the system mobilization capability of the Army National Guard.

Question. For the record, provide for the Army National Guard the number of nondeploying AGR positions and the percentage of AGR strength represented.

Answer. The following display shows the utilization of the 23,731 AGR's authorized by Congress in FY 86.

Activity	*Utilization*
Full-time manning (Unit)	15,969
DAS3 (Unit)	481
Roland (Unit)	336
Subtotal	16,786
Recruiting	3,342
AMEDD recruiting	43
Retention	359
SIDPERS	537
Readiness support	1,722
Training and logistics support	631
Augmentation support (MACOM)	181
Stat tours (title 10)	130
Subtotal (above unit level)	6,945
Total	23,731

As displayed, 16,786 of the total 23,731 AGR's authorized are being used for full-time manning of units. The remaining 6,945, which includes 3,744 recruiters/retention personnel, are required in the performance of functions critical to upgrading the readiness of the Army National Guard. All AGR's are deployable. Those not assigned in units will be deployed with units as dictated by the situation.

Question. The Committee has been advised that 192 of the 600 AGR's in New York are assigned to the State Area Command and thus would not deploy. This amounts to nearly one-third of the total New York AGR compliment. Do you agree with those figures?

Answer. The following display shows the status of AGR manning in New York as of 31 March 1986.

Category	Requirement	Authorization	Assigned
Full Time Manning	1,318	661	587
Recruiting	153	153	131
AMEDD Recruiting	2	2	1
Retention	18	18	21
SIDPERS	18	16	13
DAS 3	25	25	19
Readiness Support	66	66	66
Total	1,600	941	838

As displayed, the total number of AGR's assigned on 31 March 1986 was 838 of which 66 were assigned to Readiness Support (State Area Command). It appears that the 192 figure mentioned by you as being reported in the State Area Command included recruiters.

Question. For the record, provide a state-by-state breakdown of total National Guard AGR's assigned to State Area Commands.

Answer.

State	State area CMD	Total AGR
AL	17	906
AK	18	318
AZ	14	325
AR	28	475

State	State area CMD	Total AGR
CA	55	1,022
CO	32	245
CT	11	257
DE	11	161
DC	44	189
FL	18	518
GA	29	553
GU	64	106
HI	8	219
ID	24	257
IL	14	487
IN	26	619
IA	13	354
KS	19	367
KY	15	356
LA	17	549
ME	13	174
MD	13	433
MA	39	559
MI	46	498
MN	33	488
MS	28	737
MO	16	484
MT	16	152
NE	8	247
NV	17	98
NH	15	138
NJ	37	576
NM	24	582
NY	66	941
NC	13	543
ND	13	183
OH	18	662
OK	10	472
OR	14	407
PA	22	834
PR	32	400
RI	16	182
SC	12	557
SD	10	201
TN	17	578
TX	73	1,037
UT	23	348
VT	9	179
VA	38	459
VI	15	64
WA	18	331
WV	6	182
WI	25	439
WY	8	95

NATIONAL GUARD PERSONNEL, ARMY

LAPSING FUNDS

Question. The total request for the National Guard Personnel, Army appropriation in 1987 is $3,485,200,000. When compared to the Gramm-Rudman-Hollings 1986 appropriation of $3,056,818,000, we see that the account is growing by $428,382,000, or 14%. Nearly all of the growth is occurring in Other Training and Support, mainly for additional Active Guard and Reserve personnel. Only $5 million additional in 1987 is requested for unit and individual training.

This account lapsed more than $23 million in 1985 and more than $35 million in 1984. According to the justifications, "The review of lapsing funds has required a revision of growth in training accounts which more accurately reflects the Army National Guard ability to execute these programs."

What exactly does this mean? Why should the Committee believe that your 1987 requests are not similarly overstated?

Answer. During the formulation of the FY 87 President's Budget, the Army National Guard reviewed budget execution history and adjusted the estimates to reflect an amount of growth realistically executable.

As the lapsed funds in FY 84 and FY 85 were primarily in Unit and Individual Training accounts, these accounts were reduced to reflect execution history. The growth in Other Training and Support will provide for annualization of costs for the Active Guard and Reserve (AGR) personnel hired in FY 86, new growth in AGR for FY 87 and costs for increased requirements for schools and special training participants. The budget request is not overstated and represents a balanced program meeting requirements yet adjusting costs based on execution history.

GROWTH IN ACTIVE GUARD/RESERVE POSITIONS

Question. As mentioned, most of the requested increase in this account is due to the growth in Active Guard positions. Although the paid drill strength in the Selected Reserve only increases by 2.7% in 1987, the Active Guard positions increase by more than 21%, increasing from 23,731 end strength in 1986 to a requested 1987 end strength of 28,721. If we look strictly at the active officers, the case is even more striking. End strengths increase from 3,623 in 1986 to 6,395 in 1987, an increase of more than 75%. The number of colonels would increase from 222 in 1986 to 313 in 1987. The number of lieutenant colonels would more than double from 503 in 1986 to 1,032 in 1987. As you know, the Congress has been critical of the large increases requested for AGR positions in the past. In 1986, the Congress denied $139 million for AGR growth. In previous years, lesser reductions were experienced. A serious difference exists between the Congress and the Administration over the proper mix of AGR's and civilian technicians. If the 1987 request were enacted as is, there would be more AGR's than civilian technicians in the Army National Guard. Although originally the AGR's possibly were less expensive than the civilian technicians, currently is not the case. Thus, the additional AGR's are costing considerably more than a comparable number of civilian technicians.

Why do you think the Congress will be more receptive to a large increase in AGR's in 1987 than it has been in prior years?

Answer. First of all, I believe that Congress supports increasing the readiness of the Army National Guard under the "Total Army Policy" as the most economical means of increasing this country's military forces to cope with the threats that currently exist. The AGR program which provides a nucleus of well trained full-time military personnel in key positions in Army National Guard troop program units and in Headquarters/Command positions above unit level, is critical to increasing the readiness of the Army National Guard. This increase in full-time support is necessary to meet programmed mobilization and deployment objectives in line with the new missions that have been and are being assigned to the Army National Guard. The 4,990 increase in AGR's requested in 1987 raises the total AGR strength to 28,721; 15,178 short of force structure staffing guide requirements of 43,899 programmed through 1991. Continued growth, at attainable levels, through 1991 is critical to our mission.

Question. What documentation or statistics do you have to support a doubling in the number of lieutenant colonels in AGR status in 1987 or an increase of 850 majors, or an increase of nearly 700 captains?

Answer. The increase in lieutenant colonel, major and captain grades support the filling of leadership positions. Emphasis was initially placed on filling enlisted positions. Of the 529 lieutenant colonel grades programmed in 1987, 431 support full-time unit support saffing guide requirements and 98 support positions requirements above unit level. Of the 856 major grades requested 786 support full-time unit support staffing guide requirements and 70 support positions above unit level. The captain positions support staffing guide requirements.

Question. What additional readiness capability will this provide to the National Guard?

Answer. Units are achieving higher levels of training; achieving higher scores on training tests and exercises and overall readiness ratings of units have improved since the advent of the AGR program. The GAO review of the AGR program that was made in 1985, found that as a result of full-time manning, units were better and that they could do more things, quicker. In this review, unit commanders stated that "the expertise of AGR personnel and the additional flexibility provided by their full-time military status was the only way they were able to accomplish many of their training missions." The Army National Guard is making strong headway in meeting stringent increases in readiness requirements. The AGR program is due credit for much of this progress.

Question. For the record, provide a list by type of AGR's for 1985, 1986, and 1987 similar to the table contained on page 229 of the 1986 hearing volumes.

Answer:

	Fiscal year		
	1985	1986	1987
Full-time manning	13,085	15,311	19,861
Recruiting	4,221	3,776	3,880
AMEDD recruiting	58	43	43
Retention	537	357	343
Schools	469	575	559
[illegible]	411	531	557
Staff [illegible]	330	340	380
Augmentation support	311	317	317
Training and logistics support	425	625	625
Readiness support	2,411	2,590	2,733
R and	432	436	436
Total AGR	23,053	23,731	28,721

Question. For the record, provide a five year projection beginning with fiscal year 1987 of AGR and technician positions for the Army National Guard.

Answer:

	Fiscal year				
	1987	1988	1989	1990	1991
Full time manning	19,861	22,091	26,323	30,082	33,494
Recruiting	3,440	3,440	3,440	3,440	3,440
AMEDD recruiting	43	75	75	75	75
Retention	343	452	496	510	510
Sidpers	539	554	554	554	554
DAS3	552	586	664	664	664
Stat tours	130	130	130	130	130
Augmentation support	112	112	112	112	112
Training and logistical support	622	622	622	622	622
Readiness support	2,743	2,899	3,177	3,474	3,953
Roland	336	336	345	345	345
Total AGR	28,721	31,397	35,933	39,958	43,899
Technicians	25,129	27,629	28,120	28,620	29,120
Total full-time support	53,850	59,026	64,053	68,578	73,019

AUDIT REPORT—SACRAMENTO, CALIFORNIA, ARMY NATIONAL GUARD

Question. An Army Audit Agency report issued last April (WE 85-204) on the California Army Guard aviation program cited instances of inadequate or missing justification of mission purpose.

Generally, what are requirements for mission purpose justification?

Answer. Missions must be for official purposes only to meet either the federal or state mission. Determination of whether a use is official is a command decision. All pertinent facts are considered, including whether the use is: (1) Essential to the completion of a military or other DOD functions, activities, or operations; (2) Consistent with the purpose for which the aircraft was acquired, (3) More economical than available commercial transportation; (4) The most economical government transportation available with the military mission.

Question. What review of mission purpose if performed and at what levels?

Answer. Approval authorities are appointed by the Adjutant General of each state to review and approve or disapprove operational support airlift (OSA) missions. Training missions are approved at the unit and aviation support facility level.

Question. What actions had the Army taken to ensure that aircraft used by the Army National Guard personnel are used only for fully justifiable purposes?

Answer. Use of aircraft within the Army National Guard (ARNG) has been included in the scope of internal reviews conducted by management analysis teams for the ARNG Comptroller Division. The Army Audit Agency continues to review the use of aircraft by the Army National Guard.

AUDIT REPORT—ST. CROIX, VIRGIN ISLANDS, ARMY NATIONAL GUARD

Question. Another Army Audit Report (No. 50 85-10, dated March 28, 1985) addresses problems of the Virgin Islands Army National Guard on St. Croix. The auditors "identified 257 who were not productively employed at 11 assemblies. These individuals were involved in such non productive activities as reading magazines, sleeping, working on personal cars, and engaging in idle conversation". Many people, both in the Congress and general population, have an image of a National Guardsman as someone paid on the weekends to read magazines and sleep when he should be busy training.

The Army auditors say closer supervision is needed of unit training assemblies. Do you agree?

Answer. The auditors observations are not considered typical of Army National Guard training activities. In the instances cited, I agree that closer supervision of unit training assemblies was needed.

Question. What actions have you taken in this regard?

Answer. The National Guard Bureau and the Adjutant General of the Virgin Islands concurred with the auditiors finding and recommendation. The Adjutant General issued instructions to unit commanders in the Training Year 85 Training Guidance to conduct meaningful training for full training periods and designated this area to receive emphasis during staff visits. This corrective action was adequate and no additional action by the Bureau was necessary.

INACTIVE DUTY TRAINING

Question. In 1987, although the average strength of paid participants in the weekend drills increases slightly, the total dollars requested decline from comparable amounts in 1986 due to a reduction in the rates.

What is the reason for this drop in the rates and do you think we can expect to see this continue in the future?

Answer. The rate for Inactive Duty Training (IDT) is based on a multiplication of a per day cost times the number of drills. The number of drills for FY 86 is slightly higher than in FY 87. This was due to additional drill periods in FY 86 to meet training requirements. The decline in rates for FY 87 reflects the fewer drills and thus the lower rate. No further reduction is anticipated.

SCHOOL TRAINING

Question. A budget activity within Other Training and Support which shows considerable growth is that of School Training. During the past three years, this program has more than doubled from $95 million in 1984 to a requested $207,547,000 in 1987. The growth from 1986 to 1987 alone is more than 22 percent.

Have you performed any analyses to demonstrate the benefits of this program doubling in three years?

Answer. The Army National Guard has done an analysis of the FY 87 Schools Program budget. Several Programs Development Increment Packages for the FY 87-91 Program Objective Memorandum which are designed to meet current and future mission mobilization/deployment/sustainment objectives account for over 20% of the total schools program for FY 87. These Program Development Increment Packages are:

a. Funding for Regional Schools for Reserve Component Noncommissioned Officer Career Development training. This will provide the opportunity for training which cannot be conducted by the State Military Academies. A backlog of 210,000 non-commissioned officers need this training.

b. Funding for the Reserve Component Tank Commanders Course. This program is designed to improve those skills necessary to ensure a combat ready tank commander.

c. Funding for the Battle Skills Course. This course will provide the individual the necessary combat skills to survive and win on the modern day battlefield.

d. Funding for the Regional Maintenance Training sites. This program is designed to provide maintenance military occupational speciality training for selected non-divisional reserve component maintenance companies. The training will provide soldiers with the skills necessary to support either Reserve Component or Active Component Units upon mobilization.

e. Funding for the Tactical Army Combat Service Support Computer System. This training will provide the reserve component soldier with the necessary skills to utilize the new computer and related systems.

f. Funding for the reserve component soldier in order that they can use and maintain the M60A3 Tank scheduled for issue to the states.

Question. An additional $12,750,000 is requested in 1987 for refresher and proficiency training. This will allow another 9,662 personnel to attend additional training courses.

What is the base program, that is, how many personnel are being trained in this area in 1986?

Answer. The Army Guard will train an estimated 153,884 persons in the refresher and proficiency program area.

Question. For career development training, an additional $16,703,000 is requested to train another 5,246 personnel.

Again, what is the base program in terms of number of personnel being trained in fiscal year 1986?

Answer. The Army guard will train an estimated 44,323 persons in the career development program area.

SPECIAL TRAINING

Question. In the Special Training budget activity, a situation very similar to that of school training exists. The 1987 request totals $191,622,000, compared with current 1986 estimate of just under $160 million. This activity has also more than doubled since 1984 when $81,656,000 was devoted to it. Everyone supports training but some of these figures in 1987 appear a little bit excessive, for instance, increases of 44% in competitive events, or 26% for conferences and visits, or more than 21% for management support training.

At a time when the nation is experiencing annual budget deficits in the range of $150-$200 million, how essential to our national defense are these increases?

Answer. These increases are well justified. In 1984 and 1985, the execution of the special training program exceeded 100%. In fact, additional requirements necessitated the expenditure of AT mandays to support additional valid training requirements such as maintenance training.

Most of the growth in Special Training is in exercises, operational training, management support, conference and visits and training with the Active Component. The exercise program is continually expanding. It includes exercise participation at all levels up to and including JCS exercises, normally as staff or unit cells. It also includes all overseas deployment training by unit or staff cells, as well as mobilization exercises to enhance mobilization preparedness. Unit participation in exercises or overseas deployment training is normally conducted in an Annual Training status. Growth in the exercise program is also due to the recent addition of SOUTHCOM as an area of exercise activity. In addition, due to the past rapid growth of the exercise program, sufficient funds were not available to support all participation. Here again, annual training funds were used to support the Overseas Deployment Training deficit. In 1984, there were 24,401 participants in exercises, compared to 46,410 participants projected for FY 87. The FY 87 exercise program growth will allow funding of all overseas deployment training with "Special Training dollars."

Increases in training with the Active Component are almost totally due to dramatic growth of the Key Personnel Upgrade Program (KPUP). This program provides opportunities for individual Guardsmen to train with Active Component counterparts, primarily in a tactical environment. Examples include training with an Active Component unit during rotational training at the National Training Center (NTC), deploying to REFORGER with an Active Component Unit, etc. In FY 84, there were 10,174 participants. In FY 87, 27,298 guardsmen will train with the active components.

Most of the increase in Special Training will provide more training per person. From 1984 to 1987 there was a 7% increase in strength. Slightly over $4M is required to train the personnel increases. However, it should be pointed out that a good part of the remaining growth is for "catchup" in the overseas deployment training program, support of M60A3 displaced equipment training and growth in the KPUP program, one of th ARNG's most vital initiatives. It should also be pointed out that the FY 85 program in Special Training significantly exceeded original estimates and was in reality short approximately $120M, not including retired pay accrual. There was therefore almost zero "real growth" between FY 85 and FY 86. FY 87 growth must be viewed in this context.

The 44% increase in competitive events can be contributed to the increased involvement at the international level for biathlon. Increased marksmanship and ski competition throughout the ARNG causes a corresponding monetary increase. Although increasing, the amount of dollars is minute when compared to the overall Special Training Program (i.e. less than 2% of the Special Training budget). The 26% increase in conferences and visits is in direct relationship to the CAPSTONE program and associated increases in exercise coordination requirements. Without the ODT conferences and CAPSTONE visits the many dollars being spent for these programs may not be properly utilized without the proper coordination and planning. In this area participants will increase from 7,029 in FY 84 to 12,320 in FY 87. Finally, the 21% increase in management support training provides the necessary administrative overhead required to support the increase in the many special training requirements.

It must be noted that the 1987 Special Training budget activity of $191,622,000 includes $41,601,000 for retired pay accrual. The 1984 figure of $1,656,000 *did not* include retired pay accrual which would have resulted in a program that well exceeded $100,000,000.

In summary, quality training requires adequate funding. At a time when the ARNG is progressing to a point to equal their active counterparts in terms of war fighting capabilities, by taking on more high priority missions and increased training for high priority units, the money requested and required will ensure the ARNG does not take a step backward in terms of providing combat ready units.

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

Question. The 1987 estimate of $1,786,900,000 for the Operation and Maintenance of the Army National Guard is $213,791,00 above the 1986 appropriation adjustment for the Gramm-Rudman-Hollings reduction. This represents approximately 13.6% increase.

How have you applied the nearly $80 million in the Gramm-Rudman-Hollings reduction to this account and how do you assess its impact on your operations this year?

Answer. The Gramm-Rudman reduction of $79.7M affected Opertion and Maintenance, Army National Guard as follows:

[All dollars in millions]	*Total reductions*
OMNG	79.7
Training operations	12.5
Logistical support	59.0
HQ and command support	7.2
Medical support	1.0

The impact of the reduction is reflected below:

Decrease in Training Operations reduces range standardization program by 855 target mechanisms and eliminates 13 states from participating. Not only is travel reduced to training sites by up to 10%, but civilian technician training is reduced by $.794. This training is for mission essential New Equipment Training (NET) and Automated Data Processing (ADP) training. Also, minor construction is reduced by $2.1 and Maintenance and Repair is reduced by $5.9.

Decrease in Log Support reduces total Repair Parts Program by 9% or $19.6 and reduces funding ratio from 74% to 67% of requirements. Combat essential repair parts stockage levels critically needed to support wartime operations will not be available for some high priority mobilization and deployment requirements. The FY 86 repair parts reduction will result in a significant increase in end year FY86 repair parts funding shortage of approximately $103. The total Organization Clothing and Equipment (OCE) Program is reduced by 16% with a dollar decrease of $14.9. This reduction will inhibit the planned purchase of $8.8 for Combat Vehicle Crewman's (CVC) Uniforms and $6.1 for additional Medical Equipment Sets. Backlog of Maintenance and Repair (BMAR) funding is also reduced by $8.

HQ and Command Support reduction decreases the Army Continuing Education System (ACES) Program by 9,800 courses, limits procurement and audio/visual projectors to 50% of requirements, and reduces travel up to 10%.

Medical Support was reduced by $1 million, affecting medical care and supplies. This reduction could affect our ability to conduct not only the Over 40 Medical Screening Program, but also the HTLV III testing.

ARMORY SUPPORT

Question. A congressional add-on in 1986 was $33 million for federal support for state-owned armories. The funds were divided as follows: a) federal funding for operational costs ($20 million); b) modification of office space ($6 million); and c) partial federal funding for major repair and renovation of armories ($7 million). The Committee directed the National Guard Bureau to submit a report to the Committee detailing the distribution of the funds and plans for using them before actually proceeding with the use of the funds for 1986. A letter report was transmitted from General Walker late last month. Although the report sets out in general terms how the funds would be used, it does not actually provide the distribution to the states or in effect give the Committee a very good idea of how the additional $33 million will be used.

What additional information other than that contained in the letter can you provide to the Committee on the use of the funds? The letter report leaves one with the impression that the funds have not actually been distributed to the states yet, is that correct?

Answer. Each State was initially contacted by message dated 29 October 1985 advising them of the possibility that the Congress might authorize Federal funding for armory support in three categories, (a) operational support for utilities, (b) renovation support for areas physically occupied by Federal personnel and (c) assistance in major repair projects such as roofs, boilers and heating, ventilating and air conditioning systems. The message required each State to identify their total backlog of maintenance and repair (BMAR), their first five major repair projects by location, requirements and estimated costs plus the estimated cost for renovation of armory space physically occupied by Federal employees. In addition, each state was requested to submit a listing of Federal employees occupying space at each State operated armory. Based on this input, a program was developed at the National Guard Bureau (NGB) for expenditure of the appropriated funds. Of the $33 million appropriated, a $3.6 million reduction was taken based on the effects of the Gramm-Rudman-Hollings Act. The likelihood for full execution of the program was complicated by the fact that the States were required to provide matching funds in order to utilize $13 million of the armory support funds and most of all by the uncertainty of when the FY 86 appropriated but not authorized issue would be resolved by the Congress. Of the $29.4 million currently available, $24.2 million has been distributed to the States as shown below. Distribution of the balance of funds is contingent on the ability of the States to provide their matching share.

State	Major repairs and renovations	Modification of work space	Operational cost	State total
AL	158,200	43,000	842,000	1,043,200
AK	92,500	273,800	144,300	510,600
AZ	1,700	9,700	171,000	182,400
AR	121,200	30,400	324,200	475,800
CA	212,500		647,700	860,200
CO	47,800		266,800	314,600
CT	230,500		447,300	677,800
DE	50,000	1,900	141,600	193,500
DC	250,000		109,400	359,400
FL	135,400		432,300	567,700
GA	54,000		437,800	491,800
GU				
HI	75,000	15,900	166,200	257,100
ID	132,400	141,900	123,800	398,100
IL		138,000	301,000	439,000
IN	75,000		395,400	470,400
IA	146,200	232,600	295,500	674,300
KS	57,400	32,000	277,700	367,100
KY	212,500	31,000	208,600	452,100
LA		42,100	283,200	325,300
ME	88,100	97,600	119,700	305,400
MD	260,000		343,400	603,400
MA			543,100	543,100
MI	50,300		362,500	412,800
MN	56,500		427,500	484,000
MS	15,000	15,000	335,200	365,200
MO	92,000	18,800	322,800	433,600
MT	200,000		109,400	309,400
NE	10,500	22,500	153,900	186,900
NV	4,000	18,000	93,700	115,700
NH		15,700	131,300	147,000
NJ	52,000		506,200	558,200
NM			114,900	114,900
NY	247,500	78,400	454,900	780,800
NC	79,300		342,700	422,000
ND	175,000	93,800	151,800	420,600
OH	233,500		710,700	944,200
OK	20,000		510,900	530,900
OR	75,000	22,500	276,300	373,800
PA	192,500		675,800	868,300
PR	82,500		350,900	433,400
RI	30,000	15,000	167,600	212,600
SC	297,500	180,800	412,500	890,800
SD	58,000	48,800	167,600	274,400
TN	137,500	20,000	450,800	608,300
TX	275,000		649,100	924,100

State	Major repair and renovation	Modification of work space	Operations cost	State total
UT		18,300	193,600	211,900
VT	23,500		130,600	154,100
VA	229,600		385,200	614,800
VI				
WA	530,000		147,700	677,700
WV	45,500	111,700	142,300	299,000
WI	95,000	45,100	485,600	625,700
WY	174,500	8,300	74,600	257,400
Total	5,977,100	1,822,100	16,360,600	24,159,800

Question. The House report accompanying the 1986 appropriation bill indicated that a workable cost sharing for the partial federal funding for major repair and renovation of armories would be 75% state funds and 25% federal funds. However, the letter report from General Walker indicates that the state/federal ratio will be 50/50.

On what basis did the National Guard Bureau change the recommended funding ratio from 75/25 to 50/50?

Answer. The basis for the recommended funding ratio of 50/50 was House of Representatives Report 99-128, Military Construction Authorization Act, 1986, which stated with regard to this subject, "The changes should also provide for 50 percent Federal and 50 percent state cost sharing of major armory maintenance projects, such as repair or replacement of roof and utility systems."

AIDS SCREENING

Question. In 1986, the Congress added $2,500,000 for additional AIDS Screening for the medical support activity.

How precisely have those funds been used in fiscal year 1986?

Answer. The entire $2,500,000 was committed to fund the National Guard portion of a national contract being negotiated by the U.S. Army Surgeon General.

Question. What is the number of incidents of AIDS which have been detected heretofore during the conduct of National Guard physical examinations?

Answer. Army National Guard inservice AIDS screening is not scheduled to begin until July 1986.

Question. What amount is contained in the 1987 request of $22,676,000 for AIDS screening?

Answer. $2,500,000 of the 1987 request is for the AIDS screening.

HEADQUARTERS AND COMMAND SUPPORT

Question. A significant increase has been requested for 1987 in the activity group of Headquarters and Command Support. The 1987 estimate of $137,916,000 is $31,593,000, or nearly 30% above the 1986 current estimate. The biggest single increase is $21,841,000 for the Information Management Agency, which, by the way, used to be called the National Guard Computer Center. Justifications indicate that the vast majority of the growth is for the

Standard Army Multicommand Management Information Systems (STAMMIS).

What is the origin of the requirement for such a significant increase?

Answer. The Standard Army Multicommand Management Information Systems (STAMMIS) are used to provide a common data base and reporting system for the Army. The means by which information is processed and transferred is the Vertical Installation Automated Baseline (VIABLE) network. Currently the Army National Guard (ARNG) uses a Burroughs B1955 Computer in each of its 54 States and Territories to process information. This equipment will not interfere with STAMMIS currently used by the active Army. The Burroughs B1955 is second generation equipment with a life cycle that will end in fiscal year 88. The funding increase shown in the budget program 3732 is to allow for the replacement of this equipment.

Question. What additional capabilities or benefits will the additional funds for STAMMIS provide?

Answer. The Army National Guard will be able to participate in the Army's Information Management Architecture. The ARNG will also be able to run Army STAMMIS and operate in the Army's standard operating environment. Therefore, ARNG's ability to provide a rapid and accurate response to readiness and mobilization reporting requirements will be greatly enhanced.

Question. What are the outyear costs associated with this new initiative?

Answer. The outyear costs for this initiative is approximately $2,500,000 per year to support operations and maintenance of this equipment.

Question. Precisely how will the additional funds be used? Do you have any plans to purchase computer hardware in 1987 with these funds?

Answer. The additional funds are to purchase $17,500,000 in replacement hardware in 1987 and the remainder of the funds are to be used for operations, transition and maintenance of this equipment.

CIVILIAN TECHNICIANS

Question. In 1986 the Congress added $35 million for additional civilian technicians.

Exactly how was the increase applied by activity group within the operation and maintenance appropriation?

Answer. $31,414,375 was used to support a technician strength of 2,298 and 1,159 workyears in the Logistical Support Activity Group and $3,585,625 for the increase of 202 technicians and 125 workyears in the Headquarters and Command Support Activity Group.

Question. How many civilian technicians have actually been hired to date?

Answer. 2,343 technicians have been hired as of 31 March 1986, against the 2,500 Congressional add-on.

Question. What is your total estimated end strength for 1986 associated with the additional $35 million?

Answer. 2,525 technicians.

Question. A $37,418,000 increase is requested in 1987 to fund the 1986 add-on and to support increased workload in logistics operations.

How much of that increase is devoted solely to the 1986 Congressional add-on for civilian technicians?

Answer. $31,971,858 of the total $37,418,000 FY87 increase in the Logistical Support Activity Group is attributed to the 1986 Congressional add-on for civilian technicians.

LOGISTICS SUPPORT—REPAIR PARTS BACKLOG

Question. The justifications indicate that after three years of a declining end year backlog in repair parts, in FY87 an increase in the backlog is expected.

To what do you attribute this?

Answer. The following provides the Army National Guard FY85–FY87 repair parts program:

[In thousands of dollars]

Program	Fiscal year		
	1985	1986	1987
Resource Requirement	$271,581	$312,615	$337,898
Program Funding	174,881	229,316	236,498
Unfunded Backlog	96,700	83,300	101,400

Repair parts requirements are directly related to the quantity of equipment in the Army National Guard inventory and to the variety of makes and models that must be supported, to the age of the equipment, to deterioration caused by operating tempos and to repair parts inventory policy. Most of the unfunded FY87 backlog can be directly attributed to a recent change in the Army's repair parts stockage policy that necessitates a mandatory on hand stockage of repair parts at unit level to support mobilization and deployment readiness. This revision has increased the Army National Guard repair parts requirement by approximately $115 million over the five year period FY86 to FY90.

Question. What do you see as an effect of the increase in the end year backlog?

Answer. The FY87 unfunded backlog of $101 million should not decrease the Army National Guard's capability to provide satisfactory day-to-day maintenance operations in support of training and equipment readiness goals. However, the backlog will have an adverse impact on the Army National Guard's capability to buy and support repair parts inventory levels in the quantities needed to support mobilization and deployment requirements.

Question. What would be the additional costs to maintain the repair parts backlog at the end FY86 level?

Answer. An increase of $18.1 million to the FY87 repair allocation is needed to maintain the repair parts backlog at the end FY86 level.

RECRUITING AND RETENTION ADVERTISING SUPPORT

Question. A total of $50,356,000 is requested in 1987 for recruiting and retention advertising support. This represents an increase of nearly 10 percent above the current 1986 estimate.

Do you plan to do anything new and different with the additional funds in 1987 or just more of your usual effort?

Answer. The FY87 request of $50.4 million for the Recruiting Support Activity Group is $4.5 million over the FY86 level of $45.9 million. The increase consists of $1.8 million in price growth and $2.7 million in program growth. The program growth of $1.9 million provides advertising support for the expansion of the Non-prior Service (NPS) market to include potential applicants at junior college and vocational technical schools. The expansion of the recruiting market is expected to provide a higher caliber of individual recruited into the Army National Guard. The remaining $800,000 of program growth will support Army National Guard applicants being processed at Military Entrance Processing Stations (MEPS) and other support costs for recruiting.

ALL OTHER EQUIPMENT

Question. In 1987, a total of $38,883,000 is requested for All Other Equipment. This represents a doubling from the 1986 estimate of $19,328,000.

Provide detail for the record, on precisely what equipment you propose to purchase in 1987.

Answer. The $19M, a one time requirement, will be used to replace the second generation Burroughs B1955 computer, currently in use by the Army National Guard (ARNG) in each of its 54 States and Territories. This computer, with a life cycle that will end in FY88, is incapable of networking with the VIABLE system, and therefore, does not permit the ARNG, the largest Major Command (MACOM) in the Army, to run STAMMIS. Without this funding, the Army National Guard will not be able to participate in the Army's Information Management Architecture. Therefore, ARNG's ability to provide a rapid and accurate response to readiness and mobilization reporting requirements will be seriously degraded.

The remaining $19.9M will be used for the non-stock fund equipment purchases, to include word processing, personal computers, dot matrix and daisy wheel printers.

RESERVE PERSONNEL, ARMY

Question. The total 1987 request for the Army Reserve Personnel program is $2,437,810,000. When compared to the post Gramm-Rudman-Hollings appropriation in 1986 of $2,145,194,000 the request is $292,616,000, or 13.6% greater. The total selected reserve end strength increases from 310,650 in 1986 to 327,600 in 1987. The individual ready reserve increases from 318,908 at the end of 1986 to 336,127 at the end of 1987.

Although most of the Reserve Personnel, Army account was exempted from the reductions under the Gramm-Rudman-Hollings deficit reduction act legislation, the account was applied a $33,370,000 reduction.

Precisely how have you applied that reduction to this account and what effect has it had on your operations?

Answer. The reduction will have an effect primarily on mobilization training for IRR members and school training for Troop Program Unit (TPU) members. Individual Ready Reserve (IRR) Mobilization Training was reduced by $25.0 million. This equates to a reduction of 3,581 Officer and 2,266 Enlisted participants. Primary Mobilization Training categories impacted are Exercises, IRR Mission Support, and Readiness Training.

TPU School Training was reduced by $8.3 million. This equates to a reduction of 1,954 Officer and 4,652 Enlisted participants. Primary School Training category impacted is Career Development with some potential impact on other School Training categories such as Refresher and Proficiency Training.

LAPSING BALANCES

Question. In fiscal year 1984, the Reserve Personnel, Army account lapsed $39,145,000 at the end of the year. This amounted to 2.9% of the appropriation. The comparable figures for fiscal year 1985 are $61,197,000 and 3%. In addition, during 1985, $56,247,000 were transferred to other accounts. In comparison, the much larger Military Personnel, Army account lapsed only $41,293,000 or .2%, in 1984 and $34,297,000, or .16% in 1985.

Why have the lapsing balances been so large in the Reserve Personnel, Army account?

Answer. The final fiscal year 1985 RPA year-end reports show a lapsed amount of $61.2 million. This amount was overstated by $6.8 million, making the correct lapsed amount $54.4 million for fiscal year 1985. To date, an additional $10.4 million in obligation adjustments have been recorded against the fiscal year 1985 appropriation, making the present lapsed balance for fiscal year 1985 approximately $44 million.

The major factor that caused budget execution problems in fiscal year 1985 was the implementation of retired pay accrual budgeting and accounting which accounted for approximately 50% of the lapse. No prior data or experience were available to use as a basis for estimating retired pay accrual funding requirements. This was further complicated by the Office of Management and Budget (OMB) restriction which did not allow reprogramming of fiscal year 1985 retired pay accrual funds to other programs. It is important to note that this restriction is not in effect for fiscal year 1986.

The second major factor that caused budget execution problems was the shortfall experienced in non-prior service personnel accessions. The USAR exceeded their total paid drill strength ramp; however, prior service (PS) personnel were substituted for non-prior service (NPS) personnel. This substitution generated funds because PS personnel cost less to train than NPS personnel. In turn, this generated additional funds that were not needed for retired pay accrual. NPS accessions floors have been established in fiscal year 1986 and future years.

The USAR exceeded its fiscal year 1985 manpower objectives, quality of USAR personnel is high and will continue to improve, and the USAR is a stronger force and more able to meet its mobilization mission today than it ever has been in the past. Furthermore, in spite of all variables, problems, and uncertainties, all but 2.2% of the RPA appropriation ($2 billion) was executed. And if the impact of retired pay accrual is removed, all but 1.2% was executed. The budget execution rate for fiscal year 1986 is expected to be considerably better than prior years because of improved budget estimation techniques, increased command emphasis on budget execution, and the ability to reprogram retired pay accrual funds, if required.

ENLISTED MEN PARTICIPATION RATES

Question. The active duty participation rates for enlisted men in pay group A declined nearly 3 percentage points from 1984 to 1985 and now stands at about 77 percent.

To what do you attribute this?

Answer. The nonavailability of USAR Members for training due to job, family, illness and/or other conflicts is impossible to accurately predict, but must be taken into consideration during the budget process. The fiscal year 1986 estimates and the fiscal year 1987 estimates shown in the fiscal year 1987 President's Budget compensate for this nonavailability, and are based on the best available data from accounting and manpower reports.

Question. At what point do you become alarmed and take positive action to increase participation rates?

Answer. The 3 percent decline in participation rate did generate concern within the USAR, and resulted in further Command emphasis. Troop Program Unit Commanders are aware of their need to increase this participation rate, and are expected to achieve a minimum attendance of 85% of their assigned strength during each monthly training period. In addition, the Army anticipates that the new GI Bill will have a favorable impact on training participation. GI Bill benefits may only be paid to Reserve members for continuous satisfactory service.

SCHOOL TRAINING

Question. Last year's justifications estimated that $114,659,000 would be spent on school training. However, the actual fiscal year 1985 amount turned out to be $94,441,000, a shortfall or more than $20 million.

What accounts for this significant deviation from plan?

Answer. The deviation in School Training execution was caused mainly by significant new mission requirements placed on USAR Troop Program Units (TPU). Expanded overseas deployment, exercise participation, increased management support, and annual training site support caused School Training funds to be reprogrammed to School Training.

Question. What are your actual obligations to date in fiscal year 1986 for the school training budget activity?

Answer. Currently, $46.7 million has been obligated as of the end of March for fiscal year 1986.

Question. The 1986 column of the 1986 budget justification last year estimated that there would be 401 participants in Officer Candidate School at an estimated cost of $1,082,000. This year's justifications indicate a revised 1986 estimate of only 77 participants at a cost of $182,000.

How do you explain this precipitous drop?

Answer. The reason for the precipitous drop in Officer Candidate School (OCS) attendance was caused by a budget assumption that attendance at National Guard academies would be in an Active Duty Training (ADT) status and charged to School Training. What happened is that some candidates attended weekend OCS training in an Inactive Duty Training (IDT) status, thus not utilizing School Training Funds.

Question. The undergraduate pilot training also has changed dramatically in 1986 from the estimates submitted last year. At that time you planned to have 64 participants in the program at a cost of $1,266,000. However, now you are estimating 289 participants at a cost of $4,092,000.

How do you explain this?

Answer. As approved by the Chief of Staff, Army, USAR Aviation is undergoing a transformation which began in fiscal year 1986. Due to the Army of Excellence Program, increased aviator mission requirements were directed toward USAR Aviation units. This new force structure requires Junior Officers to fill these USAR aviation positions. The undergraduate pilot training estimates were recalculated, based on the changed force structure fieldings schedules and authorizations. This caused the number of undergraduate pilot participants to increase.

SPECIAL TRAINING

Question. One of the activities under the Special Training budget activity is competitive events. This activity provides pay, and other expenses for troop program units in support of special marksmanship training, conduct of clinics, and other competitive sports related events. The program level in this activity has doubled from the amounts contained in the justifications last year.

Although the amounts involved are relatively insignificant, how in this age of extremely high budget deficits do you justify spending $2 million per year to send the troops to compete in sporting events?

Answer. The Army Reserve competitive events program provides funds not only for individuals and teams to participate in marksmanship competitions at the national and international level, but also provides marksmanship training to all levels of the Army Reserve structure. This includes basic and advance marksmanship training for soldiers with their assigned individual weapons thus affecting the readiness of USAR units. In addition, USAR marksmen train ROTC cadets, provide support for the civilian marksmanship program, and provide valuable media exposure by participating in events such as the Pan American Games and the Olympics.

Question. Another subactivity of Special Training is management support. Last year you estimated the 1985 amount would be $8,588,000, and that there would be 15,014 participants. This year we see that the actual 1985 amounts were $40,898,000 and that there were 67,777 participants.

What accounts for this 400 to 500 percent increase over plan?

Answer. Increased mission and readiness requirements, associated with mobilization missions and shortened response times, have necessitated additional coordination planning and training supervision to ensure effective and efficient use of available training time and resources. The enhanced readiness posture required by the alignment of all Active and Reserve Component units within the CAPSTONE planning and training program accounts for much of this growth in the number of mandays utilized for management support. In addition, the Paid Drill Strength increased by approximately 6,300 over the planned strength for fiscal year 1985. This type of continued growth and increased mission and readiness requirements places more emphasis on exercise planning and coordination and, in turn, has caused a significant increase in the Management Support subactivity of Special Training.

PERMANENT CHANGE OF STATION TRAVEL

Question. It is noted on page 94 of the justifications that there has been a fundamental change in permanent change of station travel. For example, you had planned to spend $9,253,000 in 1985 on PCS travel. The actual amount was only $5,752,000. Likewise, in 1986 the estimate had been $15,108,000 whereas the current estimate is $6,178,000. The trend continues in 1987. The decrease in PCS travel is reflected both in the number of moves and in the rates involved.

Does this represent a fundamental change in PCS travel policy?

Answer. The decrease in PCS travel does not represent a fundamental change in our PCS travel policy, but is a result of our methodology in computing the AGR PCS Travel Program.

Question. What accounts for the decrease in the rates for PCS travel?

Answer. The travel rates for PCS travel are estimates based on the best available data. The travel rate used for the 1986 President's Budget was a fixed rate applied to all AGR subcategories. At the end of the fiscal year 1985, the rates were adjusted to reflect the actual PCS travel dollars noted on the Prior Year Accounting Reports. Hence, the travel rate used in the fiscal year 1986 President's Budget was reduced for the fiscal year 1987 President's Budget as a result of actual obligations in fiscal year 1985.

EDUCATION BENEFITS

Question. For fiscal year 1987, $31,670,000 are requested for payment to the Department of Defense Education Benefits Fund. This program will fund educational benefit payments in their entirety for eligible individuals in the selected reserve. The program is budgeted on an accrual basis. The actual payments to the individuals are made by the Veterans Administration from funds transferred from the trust fund account.

How has the Department made the estimates of the ultimate benefit utilization for this program?

Answer. The Department has received estimates of the ultimate benefit utilization, for the Education Assistance Program, from the DoD Board of Actuaries for the GI Bill Education Benefits fund as required in Public Law 98-525. These estimates were based on assumptions approved by the DoD Education Benefits Board of Actuaries for fiscal year 1987 program which used enlistment, reenlistment and extension data provided by the Services.

SENIOR ROTC NON-SCHOLARSHIP PROGRAM

Question. The Senior ROTC Non-Scholarship Program provides funds for a subsistence allowance along with other expenses for ROTC cadets while at an educational institution. The estimates for this program have been overstated in prior years. For example, $34,637,000 were estimated last year for the fiscal year 1985 program. The actual amount was only $29,625,000. Similarly, the original estimate last year for fiscal year 1986 was $40,666,000 whereas the current 1986 estimate is only $31,504,000. This represents a decrease of $9,162,000, or 22.5%.

Based on the past two years, why should the Committee place any reliance on the fiscal year 1987 estimate of $37,536,000, an increase of 19%?

Answer. The Army fully anticipates meeting fiscal year 1987 projections. The fiscal year 1987 projection is different then prior years in that it provides for an increase in the number commissioned officers for the Army Reserve Components, an increase of 8,402. Funds are also included for increased attendance at summer camp and field training. Actions are ongoing to rebuild the four-year ROTC program which has suffered from the inability to recruit and retain sufficient non-scholarship cadets.

BRANCH OFFICERS BASIC COURSE

Question. Last year, the Congress reduced the Branch Officers Basic Course program by $5 million because the estimates had once again been overstated. However, there appears to have been some turnaround in this program. The 1985 program is more than double the 1984 level, and the 1986 estimate, although reduced by the Congress, has been increased above the original 1986 request.

What accounts for the increased activity in the Branch Officers Basic Course?

Answer. The estimates for Branch Officers Basic Course (BOBC) are difficult to project since the actual number of ROTC lieutenants entering Reserve Forces Duty (RFD) is not known until after Active Duty Selection Boards are completed and active component requirements are satisfied. If active component requirements are low, then the number of RFD lieutenants going to BOBC will be high. In the past few years, the active component requirements have been lower than expected thereby increasing the BOBC costs.

Question. What are actual obligations to date in 1986 for this program?

Answer. As of March 1986, $16,117,000 has been obligated.

JUNIOR ROTC

Question. The Junior ROTC program in 1985 actual and the current 1986 estimate reveals a significant decrease from the amounts contained in last year's budget justifications.

This activity provides support to the Junior ROTC program by providing funds for issue-in-kind uniforms to high school detachments in the United States, Europe, and Korea. It would appear that the decline in the program level is principally due to a decrease in the average cost of the uniforms. Is that correct?

Answer. Yes, it is due to a decline in the average cost of uniforms.

Question. Were the earlier estimates simply incorrect, or has there been a significant change in the cost of the uniforms?

Answer. The decline is principally due to a decreased average cost of uniforms. The junior ROTC female cadets are being issued new uniforms similar to the active Army female soldiers. This new female uniform was scheduled for introduciton over a three-year period, during fiscal years 1984, 1985 and 1986. Although the majority of the new uniform issue was programmed for fiscal year 1986, the bulk of the new uniform issue was made in fiscal year 1985 at a lower average cost than anticipated.

OPERATION AND MAINTENANCE, ARMY RESERVE

FUNCTIONAL TRANSFER

Question. The 1987 request for the Operation and Maintenance, Army Reserve appropriation is $793,100,000, an increase of $13,000,000 above the fiscal year 1986 current estimate. However, if the 1987 estimate is compared to 1986 after the application of the $38,225,000 Gramm-Rudman-Hollings reduction, the increase becomes $51,225,000 or 6.9 percent. The comparison between the two years is even more interesting if the effects of a significant transfer are taken into account. Nearly $74 million worth of effort which was done in this account in 1986 is being transferred out of this account in 1987 into the Operation and Maintenance, Army account. Thus, on a comparable basis after the application of the Gramm-Rudman-Hollings reduction the total 1987 increase in this account is $125,142,000, or 18.7 percent. Do you agree?

Answer. Not included in this analysis is the Stock Fund credit of $19,300,060 in fiscal year 1986 and price growth of $37,700,060 in fiscal year 1987. Considering these in the analysis, the fiscal year 1987 real growth is 8.7 percent.

Question. General, tell us a little bit about the transfer of more than 1,800 civilian spaces from the Reserve O&M account to the general O&M, Army account. Why do you believe these positions are more properly allocable to the O&M, Army account?

Answer. The decision to transfer the semiactive installations to Operation and Maintenance, Army is the result of the following actions.

a. A 1983 U.S. Army Training and Doctrine Command inspector general finding emphasized the need to resolve the command and funding issues for the semiactive installations. It stated that the initiative to change the major funding program from Operation and Maintenance, Army Reserve to Operation and Maintenance, Army would resolve the majority of the management problems.

b. A 1984 inspector general finding found that Army Reserve usage on these installations was less than 20 percent compared to other users and funding of these installations by Operation and

Maintenance, Army Reserve presents a misleading picture of usage.

The 1,890 civilian spaces transferred were involved in the Operation and Maintenance activities of the semiactive installations. The civilians on the installations that are dedicated entirely in support of reserve centers on and off post will remain funded by the Operation and Maintenance, Army Reserve account.

CONTINENTAL ARMY MANAGEMENT INFORMATION SYSTEM (CAMIS)

Question. The Committee understands that the Army's CAMIS system is absolutely critical for the Army to mobilize its reserve forces during wartime. The Army recently canceled the CAMIS program, which was expected to have a $600 million life cycle cost, after spending $47.6 million on its development since 1979. A recent Army fact sheet states: "The prospect of further slippage is especially frustrating to the Reserves."

How important is the capability that CAMIS was to have provided?

Answer. For the Army, National Guard CAMIS would have provided equipment at the unit level which would have allowed these units to process information quickly and accurately. The capability would have been present to keep critical mobilization data such as equipment at the unit level which would have allowed these units to process information quickly and accurately. The capability would have been present to keep critical mobilization data such as equipment and personnel status constantly current. At the time of mobilization, the means would have existed to transfer information directly to the unit's mobilization station.

For the United States Army Reserves, it would have provided all automation and information requirements below the Headquarters, department of the Army level. Currently, there exists a very limited processing capability by the Developmental Army Readiness and Mobilization System (DARMS) and some word processing capability.

Question. What did the taxpayer get for the $47.6 million expenditure of this initiative to date?

Answer. The CAMIS Project was clearly one of the most complex ADP acquisitions ever undertaken by the Army. It involved the application of emerging automated information management technology to overcome the problems of managing and mobilizing the diversified and geographically dispersed Reserve Components. It was designed to support FORSCOM's mobilization mission which currently is hampered by the lack of sufficient ADP support.

The 47.6 million dollar investment to date has provided the following:

a. A detailed analysis using Problem Statement Language/Problem Statement Analyzer (PSL/PSA) of the exact mobilization and force management automated information management requirements of the Army's Reserve Components.

b. A functional architectural design of an ADP interactive network to facilitate both the day-to-day management of the Reserve Components and what is required to enable the Army to mobilize these forces in a timely and effective manner.

c. Systems Engineering and Technical Support (SETS) contract support from Rehab Group Incorporated which provided and maintained the Functional Design and Functional Description of CAMIS and assisted the Project Manager with general project management support.

d. The validation of CAMIS concepts and methodology through the Developmental Army Readiness and Mobilization System (DARMS). DARMS is a functioning network of micro and mini computers linking the five Continental United States Army (CONUSA) headquarters, FORSCOM, National Guard Bureau, and fifty-four mobilization stations, providing limited operational capability to support the Reserve Component mobilization mission. The software developed and information gathered through the use of DARMS provides assistance to CONUSA's in the form of ADP support and allows the testing of concepts and methodology involved in developing CAMIS. The Reserve Components are the key for mobilization cross-leveling, training, and deploying the force.

What has been provided to the Army will be of tangible use and value in the ultimate development of the mobilization management information system that the Reserves will eventually have.

Question. What will the Reserve Forces do now that CAMIS has been canceled?

Answer. The requirement to provide automated mobilization support throughout the Army as defined in CAMIS is still valid. The Office, Assistant Chief of Staff for Information Management (OACSIM) and the Information Systems Command (ISC) have been studying how to accommodate all ADP user requirements, to include CAMIS, into a single, comprehensive Army architecture. In addition, the ARNG, by direction of the Vice Chief of Staff, Army, has identified its information needs through the development of an Information Systems Plan (ISP). Within this plan is addressed the capability to provide mobilization information. This plan could then validate the requirements for mobilization information as defined in CAMIS.

Question. When will the Army fully field the capability that CAMIS would have provided?

Answer. At this time we are waiting for the OACSIM/HQ ISC report on satisfying all user requirements in the Army's architecture. No timeframe has been given thus far on when the Army will fully field the capability that CAMIS would have provided.

Question. How does this compare to the fully operational system date had CAMIS not been aborted?

Answer. Before its cancellation CAMIS was to have begun fielding in FY87 and been completed in FY89. As mentioned earlier, no timeframe has been given for fully fielding CAMIS capabilities, so no comparison can be made. However, it has been reported by the Assistant Secretary of the Army (Financial Management), that the expected redesign of the CAMIS Project and procurement will lead to expedited delivery times. If that proves to be correct, it is possible that the FY89 completion date can still be met.

Question. Has the Army made any commitment to the Reserve Forces to provide an automated capability equivalent to the CAMIS stand-alone system? Please provide details.

Answer. The Office of the Chief, Army Reserve, has been assured by the Assistant Chief of Staff for Information Management that all requirements that CAMIS was to have provided will be satisfied. No details can be provided at this time.

Question. Would it help to appropriate funds for Army Reserve Forces automation projects directly to the Guard and Reserve appropriations, rather than comingling them with active Army appropriations?

Answer. Yes. Appropriating funds directly to the Army National Guard would ensure visibility of funds to support Guard automation projects, to include the ARNG portion of the CAMIS initiative.

Per Army policy the Reserves would still be required to get approval from OACSIM, even if the funds were directly appropriated.

Question. Has the active Army fairly managed the Reserve Forces automation funds for which it was custodian?

Answer. Until Fiscal Year 1986, no Operations and Maintenance National Guard funds existed in the CAMIS program. Only a recent reprogramming action provided funds beginning in Fiscal Year 1986. The Guard participation in Developmental Army Readiness and Mobilization System and Demonstration CAMIS Validation System (CAMIS prototypes) were paid for by the Guard out-of-pocket. The Guard does support the Army in revising its CAMIS acquisition strategy in a proposal that will be presented to the Office of the Secretary of Defense's Major Automated Information System Review Council (MAISRC). This decision supports a total Army strategy of integrated systems.

CAMIS was to be the USAR's major automation project. Not until the Army reports on how they will satisfy our CAMIS requirements and how much it will cost, will it be possible to provide an answer for the Army Reserves.

CAMIS APPROPRIATION REQUESTS AND EXPENDITURES

Question. Provide for the record the amounts requested from Congress by appropriation in each fiscal year 1981 to 1986 for CAMIS and compare it to actual CAMIS expenditures.

Answer. CAMIS appropriation and actual expenditures ($M) were:

SUBMITTED TO CONGRESS

	Fiscal year					
	1981	1982	1983	1984	1985	1986
MPA	0	0	0	0	0	765
RPA	0	148	2.741	4.031	4.316	10.674
NGPA	0	3	0	0	0	0
OMA	0	0	0	0	0	960
OMAR	1.876	2.851	9.751	13.725	6.708	¹21.775
OMNG	0	0	0	0	0	208
OPA	0	-	0	0	0	0

¹ [illegible]

ACTUAL EXPENDITURES

	Fiscal year					
	1981	1982	1983	1984	1985	1986
MPA	200	200	200	200	200	200
RPA	173	707	1,361	2,106	2,092	2,116
NGPA	0	0	0	0	0	0
OMA	208	339	637	877	1,218	1,061
OMAR	747	1,507	4,777	9,563	[1] 12,348	9,881
OMNG [2]	0	0	511	1,236	1,773	0
OPA [3]	0	0	0	0	2,939	0

[1] OMAR funds in 1985 given to CAMIS by FORSCOM.
[2] OMNG expenditures were NGB funds used to purchase WANG PC.
[3] OPA expenditures were year end funds used to purchase ADP.

Question. Is the Army Guard adamantly opposed to a CAMIS stand-alone system using a comprehensive acquisition strategy. If so, why?

Explain why such an approach is thought to be infeasible.

Answer. The Army National Guard (ARNG) is not at all opposed to a competitive acquisition strategy. However, it does not seem prudent, considering the ARNG, extensive involvement in the Information Systems Plan process, to develop a system which satisfies only a portion of the information requirements. These funds would be better spent to develop a total system. The ARNG has developed a comprehensive Information Systems Plan (ISP) as directed by the Vice Chief of Staff, Army which will effectively integrate with the total Army. CAMIS, once funded and implemented, will utilize those functions which address mobilization. What is needed now are funds to implement the system, developed the data bases, write the applications programs, and purchase the equipment to support the automation of those data bases and applications.

RECRUITING AND ADVERTISING

Question. The recruiting and advertising activity experiences a significant increase again in 1987. The request of $55,229,000 is $8,987,000 above the 1986 current estimate. Why do we see such a large increase in recruiting and advertising again this year?

Answer. Price growth of $1,556,000 was arrived at by using the inflation rates provided by Department of Defense and applied to the following components of the Recruiting and Advertising accounts: Supplies and Equipment, Travel, Rents and Communications, Printing and Reproduction, Services, and Contracts. The total growth of $8,987,000 funds recruiter support for an additional 60 Active Guard and Reserve (AGR) recruiters hired in fiscal year 1986 and becoming fully productive in fiscal year 1987. It also funds: additional retention personnel at the unit level to attend NCO retention courses; a marketing analysis to better understand the reserve marketing phenomenon; and advertising to better attract the Non-prior Service high school graduate. This increase is necessary to maintain recruiting momentum as the target market decreases in many areas of the country.

ANTI-TERRORISM

Question. On page 12 of the justification, under Program Decreases for 1987, an item of $2,800,060 is contained for the anti-terrorism program. According to the justification, the 1986 program "included one-time costs for the purchase of many critically needed items for reserve centers, vehicle parking areas, flight facilities, and maintenance areas". The total congressional add-on for anti-terrorism in 1986 was $4,700,000.

What accounts for the difference between the total add-on of $4,700,000 and the program decrease of $2,800,000?

Answer. The $4,700,000 added by Congress in fiscal year 1986 contemplated significant one-time costs such as upgrades and repair of doors, locks, fencing, lighting, arms room security, alarm systems, and barriers as well as development of a training program to be given to Troop Program Units. However for fiscal year 1987, the Operation and Maintenance, Army Reserve request includes funding for anti-terrorism activities of $1,900,000 or $2,800,000 less than fiscal year 1986. In fiscal year 1987, less will be spent in the training area because the instructors will have attended school and the training aids will have been developed for use by the Reserve units. Approximately one million less will be spent for engineer projects as the backlog of anti-terrorism engineer projects diminishes.

MISSION SUPPORT TO THE FEDERAL EMERGENCY MANAGEMENT AGENCY

Question. One of the operations financed by the United States Army Reserve is service support to the Federal Emergency Management Agency.

How many units have a mobilization mission to support FEMA?

Answer. Eight Army Reserve Troop Program Units have a mobilization mission to support eight FEMA regions.

Question. How many personnel are involved in this effort?

Answer. These Army Reserve Detachments have 37 soldiers authorized for each detachment. Presently there are 303 soldiers assigned to the eight units. This results in seven soldiers overstrength among these units.

Question. What is the nature of the support mission?

Answer. The nature of the support mission of these units is to provide, when mobilized, nationwide communications and warning systems support to the FEMA Regional Centers.

TRAINING & ORGANIZATION OF MISSION FORCES

Question. The largest single activity in this appropriation account is Training and Organization of Mission Forces. A total of $477,342,000 is requested for this budget activity in 1987, an increase of $30,685,000 above 1986. One major increase requested in 1987 is $5,373,000 for Force Structure. The 1987 Force Structure program includes 185 activations, 65 conversions, 75 major reorganizations and 67 inactivations. Seventy-five major reorganizations sound like an awful lot to accomplish in one fiscal year.

Why do you think it is necessary to have so many reorganizations in 1987?

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Answer. The reorganizations in 1987 are required to bring the USAR force structure in line with that of the total Army as a result of the Army of Excellence (AOE) program. Specifically, the number of activations in fiscal year 87 represents the additional units required to fill AOE requirements, modernize and maintain the force; inactivations, in most cases, backfill the activating units or units requiring personnel and equipment growth; unit reorganizations are required to upgrade units from the old to the new MTOE design, or to raise authorized strength for units which display potential for growth and added responsibilities.

Question. Precisely how will the $5,373,000 be used in the 1987 Force Structure program?

Answer. The $5,372,000 for force structure actions will fund for equipment changes between the old and new Table of Organization and Equipment (TOE) for unit reorganizations. New units will require complete supply issues including Prescribed Load Lists, Minor Equipment, mission unique organizational clothing and equipment, and Base Operations Support. Equipment from deactivated units will be used for new units whenever possible. Civilian PCS costs are also included as well as minor new work for any center modifications required. TDY for coordination visits and short contracts for overlap are also considered in the estimate.

BASE OPERATIONS

Question. A total of $171,426,000 is requested in 1987 for Base Operations, including $13,207,000 for an increase in real property maintenance activities. Part of these funds will go to reduce the backlog of maintenance and repair projects.

Do you reach your containment level for BMAR with the additional funds which have been requested?

Answer. Army Reserve BMAR containment level will not be reached in fiscal year 1987 with the additional requested funds.

Question. Also part of the real property maintenance activity increase is $6 million for increased lease costs. The justifications state that part of these funds are required for the addition of unprogrammed leases experienced in 1985 and 1986 and the addition of a minimum of 30 new leases.

Exactly how much is requested for the new leases?

Answer. New leases for fiscal year 1987 total $3.5 million plus $2.3 million new carryover leases from fiscal year 1986 resulting in a grand total of $5.8 million.

Question. What is the nature of the unprogrammed leases?

Answer. The nature of unprogrammed leases includes:

a. Renewal of existing leases that were not scheduled for renewal.

b. New leases resulting from force structure actions.

c. Increased lease costs associated with additional functional area authorizations.

d. Cost growth of existing leases.

Question. What are they for and how much do they cost in both 1986 and 1987?

Answer. Lease requirements for the Army Reserve provide temporary facilities for Reserve units until permanent government-owned facilities can be acquired through the Military Construction, Army Reserve (MCAR) program. Currently there is a $1.28 billion backlog for Army Reserve facilities in the MCAR program. Cost of Army Reserve leases in fiscal year 1986 is $10.1 million (plus $2.3 million new carryover requirements) and an estimated total of $15.9 million for fiscal year 1987. The remainder of the OMAR M-account funds all engineer services (i.e., refuse collection, snow removal, entomology, fire protection, custodial), environmental studies, and other engineering activities that support Army Reserve facilities.

Question. The performance criteria and evaluation statistics for the Base Operations activity appear on page 41 of the justification. Under administration, the costs increase from $3,842,000 in 1986 to $4,887,000 in 1987. The population served declines from 271,669 in 1986 to 49,304 in 1987. The actions/vouchers processed declined from 3,322,255 in 1986 to 1,328,286 in 1987. The total end strength personnel, however, increase from 72 in 1986 to 183 in 1987.

Is it correct that the decrease in population served and actions/vouchers processed represents the reflection of the functional transfers out of this account?

Answer. Yes. This decrease of workload reflects the transfer of the semiactive installations to OMA.

Question. Why do the number of people increase from 1986 to 1987 if the actions processed and population served decline by so much?

Answer. Due to the reorganization of the Base Operations accounts under the Standard Installation Organization concept, comptroller personnel were formerly in the Administration account. These personnel should have been transferred to the new Resource Management account that would roll into the Other Base Services category. This increase is necessary to improve and maintain the quality and timeliness of reserve pay at designated reserve pay stations, as paid drill strength levels grow markedly.

Question. Similarly, the performance criteria and evaluation for other base services indicates some puzzling information. The 1986 justifications last year contained the figure of 50,020 for the total number of motor vehicles. This year the 1986 column shows only 2,985 total motor vehicles. What accounts for this tremendous change?

Answer. The FY 87 budget submission contains the correct numbers. The FY 86 budget was in error as some mileage figures were inadvertently rolled into the vehicle totals.

Question. Also, last year's justification contained an estimate for other base services of $20,451,000. The current 1986 estimate is $39,066,000.

How do you explain this change?

Answer. This change is due primarily to two factors. The first is the implementation of the standard installation organization concept. Under this concept six new base operations accounts were created and added to other base services. These accounts were funded by transferring $18,618,000 from the Administration account and $4,341,000 from the Training and Organization of Mission Forces accounts. The second factor affecting other base services was the realignment of accounts from other base services to other personnel support. This was aimed at completely encompassing all categories of personnel support. The Laundry and Drycleaning Services account and the Army Food Program account were transferred from the other base services to other personnel support in order to align the budget justification with how the funds are actually spent. This was a loss of $4,954,000 to the other base services area. The following display shows what accounts were added or moved.

OTHER BASE SERVICES

Fiscal year 1986 President's budget	Fiscal year 1987 President's budget
Transportation services	Transportation services
Automation activities	Automation activities
Preservation of order	Preservation of order
Laundry and drycleaning services [1]	Reserve component support [2]
Army food program [1]	Resource management [2]
	Plans, training and mobilization support [2]
	Purchasing and contracting support [2]
	Security operations [2]
	Information management support [2]

[1] Realigned to other personnel support.
[2] Created under the standard installation organization concept.

The remaining difference of $610,000 is due to other realignment, reflecting actual fiscal year 1985 experience.

Question. Other personnel support also contains some changes. For example, last year's justification contained cost estimates of $188,000 for 1985 and $54,000 for 1986. However, this year's justifications indicate that the actual 1985 amount was $4,748,000 and that the current 1986 estimate is $7,554,000.

How do you explain this change?

Answer. In the previous justification book Other Personnel Support consisted of only the Personnel Support account. This was not a complete picture of all monies being spent on personnel support. In order to correct that, the Laundry and Drycleaning Services account and the Army Food Program were moved from other Base Services to Other Personnel Support. This increased that area by $5,033,000. Another increase of $2,521,000 is accounted for by the moving of The Adjutant General functions from the Installation Command Administration account to the Personnel Support account. This was reorganized under the Standard Installation Organization concept.

Question. One other change occurs in the number of meals served. The estimates for 1985 and 1986 had been 294,445 and 280,807 respectively. The actual 1985 amount was 571 and the current 1986 estimate is 657. What accounts for these differences?

Answer. Both budget submissions contain errors in the rollups from the installations due to the incorrect rounding of reported meals into thousands by some of the installations. The correct numbers should be (K meals, 000)

Fiscal year:	
1985	8,063
1986	6,409
1987	4,800

The decrease in FY 87 is due to the transfer of the semiactive installations to OMA.

MANAGEMENT SUPPORT

Question. A total of $61,548,000 is requested for the Management Support activity in 1987. This represents a $2,142,000 increase above the 1986 current estimates. The 1986 current estimate subactivity break-out has been changed markedly from that contained in the 1985 justification material.

Please explain why the subactivity break-out has been changed and provide a cross-walk which indicates changes from the original 1986 estimate to the current estimate.

Answer. The main reasons for the change in the Management Support activity break included in the FY 1986 President's budget and the subactivity break in the FY 1986 column of the FY 1987 President's budget are (a) the establishment of information management accounts in order to comply with an Army-directed change to centralize automation activities in these accounts, and (b) the creation of a field Public Affairs account which allows for the segregation of public information and community relation costs at field activities and management headquarters. Creation of the Public Affairs accounts became necessary in order to comply with Congressional limitation imposed on this activity.

A cross-walk from the original estimate to the current estimate follows:

	Fiscal year 1986 column fiscal year 1986 PB	Internal realignment	Program growth	New info mgt acct	Pay cut restoration	Fiscal year 1986 column fiscal year 1987 PB
518998 HQ Actvs Pub Aff	674	58	96			520
518999 Fld Actvs Pub Aff		+58				58
519993 Pers Adm	15,848		+940	8,693	+363	8,458
519998 Mgt HQ	41,182		+3,364	6,288	+1,150	39,408
535612 Info Mgt			+287	+8,979		9,266
535615 Project Manager				+1,296		1,296
535616 Software Design				+400		400
Total	57,704	0	+4,495	4,306	+1,513	59,406

Question. Specifically, can you explain why the personnel administration estimate has changed from $15,848,000 in the original estimate to $8,458,000 in the current estimate?

Answer. The Personnel Adminstration account had a net decrease of $7,390,000 from the original estimate due to a migration of $8,693,000 to the new information management accounts, an increase of $363,000 as a result of the 5 percent pay cut restoration, and a program growth of $940,000 due in large part to increased funding for required Active Guard Reserve (AGR) professional development schooling.

Question. The Department indicates that $4,306,000 has been transferred from this activity to the new Information Management account. However, also included within Management Support is an information management subactivity, which contains $10,405,000 for 1987. The two information management account references are somewhat confusing. Can you clarify this situation? Precisely what is the relationship between information management account #535612 and information account #515612?

Answer. The information management account #535612 provides the automation resources to support organizations above the installation level in the Budget Activity 3. Account #515612 provides automation resources for programs that directly support Army Reserve units in the mission account in Budget Activity 1.

[CLERK'S NOTE.—End of questions submitted for the record.]

TUESDAY, APRIL 22, 1986.

AIR NATIONAL GUARD AND AIR FORCE RESERVE

WITNESSES

MAJOR GENERAL JOHN B. CONAWAY, U.S. AIR FORCE, DIRECTOR, AIR NATIONAL GUARD

MAJOR GENERAL SLOAN R. GILL, U.S. AIR FORCE, CHIEF OF AIR FORCE RESERVE

INTRODUCTION

Mr. MURTHA. Welcome, General Conaway. Do you have a statement for the record?

General CONAWAY. I do.

Mr. MURTHA. If you will submit your statement for the record and summarize it, we would appreciate that.

General Gill, do you have a statement?

General GILL. Yes, I do.

Mr. MURTHA. And if you would submit your statement and summarize your statement, we will go forward with questions.

SUMMARY STATEMENT OF GENERAL CONAWAY

General CONAWAY. Thank you, Mr. Chairman.

On behalf of the Air National Guard, I want to thank the Committee for the great support you have given us over the last several years. Because of this Committee and because of the Air Force and Department of Defense, we in February this year were at the highest state of readiness in the history of the Air National Guard. I say February of this year, because we are in a slight degrade from now until the end of the fiscal year because of our Gramm-Rudman cuts. The cuts we have had to take in flying hours, equipment and supplies, and in technician employees we have on board, have caused a slight degrade in readiness.

We are trying to minimize that, and trying to keep our safety record as good as it is, and make it through the end of the year.

A Gramm-Rudman triggering next year would have a devastating impact on the Air National Guard. We think we can make it to 30 September. We have been forced to submit a reprogramming just so we can make it through the latter part of August and September.

We do need your help as we are going to defer some other items so we can keep our technicians and keep our alert commitments and all that going. Small accounts like ours, lean and mean accounts were impacted severely by Gramm-Rudman. We have finished our KC-135 re-engining, and this Committee played a great role in this effort. We now have 104 KC135-E models, as the Washington Air National Guard unit is now completed. We are doing air defense alert in Europe for one year to help the Air Force while they undergo some major conversions. Things are going well with our training in Central America, as well as in Europe.

I thank you for your support and I will stand ready to answer any questions that you may have.

[The statement of General Conaway follows.]

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STATEMENT BY THE DIRECTOR, AIR NATIONAL GUARD, AIR FORCE

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, it is my pleasure to once again report to you on the current status of the Air National Guard. With your support, we continue to make progress toward improving the readiness and capability of our 91 flying units and 244 mission support units. Last year, I talked about our aircraft modernization program and the initial assignment of C-5s, C-141s, F-15s and F-16s to the ANG. Our FY 1987 schedule is an extension of that program. During the FY 1986-87 time frame, we have nine units scheduled for conversions, eleven units for series changes, and ten other units for robusting of their aircraft inventory.

During FY 1987, our F-4C unit at Hickam, HI will convert to F-15s, our F-106 units at Jacksonville, FL and Otis, MA will convert to F-16s, and our KC-135 unit at Little Rock, AR will convert to C-130Es. In addition, we recently announced two additional FY 1986 conversions which will take place at Burlington, VT (F-4D to F-16) and Dobbins, GA (F-4D to F-15). Series changes will see the F-4C units at Niagara Falls, NY, and Ellington, TX change to F-4Ds, our F-4C unit at March AFB, CA will convert to F-4E's rather than F-4Ds as previously announced, while the C-130A unit at Saint Joseph, MO and the C-130B unit at Dallas, TX will change to C-130Hs. Our units at Charlotte, NC and Martinsburg, WV are scheduled to robust their aircraft inventory from 8 to 12 C-130Bs; New Orleans, LA will robust from 18 to 24 F-15s; and our Tucson, AZ Replacement Training Unit will increase from 6 to 18 F-16s. We will activate an Aerial Refueling Squadron at Eielson AFB, AK by placing 4 KC-135Es at that location. This squadron will be attached to the ANG Composite Group at Anchorage, AK. Thanks to the assistance of Congress and the Air Force, some of our units will upgrade their operational support aircraft by replacing their older C-131s with more capable C-130As and new C-12s. Congressional and Air Force support of the Guard and Reserve Forces has made modernization a reality. The modernization programs, as well as Congressionally supported F-4, A-7 and KC-135 aircraft modification initiatives, have given new life to the ANG aircraft fleet and to the people who maintain and fly those aircraft.

As a result of our modernization efforts, Air National Guard flying units continue to make a substantial contribution to the total Air Force combat capability and will fulfill a large portion of force commitment during any future crisis. In FY 1987, the Air National Guard will possess 73 percent of the total Air Force air defense interceptor forces; 52 percent of tactical reconnaissance forces; 34 percent of tactical airlift forces; 25 percent of tactical fighter forces; 17 percent of aerial refueling forces; 13 percent of rescue and recovery forces; 14 percent of special operations forces; 24 percent of tactical air support forces; and 4 percent of strategic airlift forces.

Equally important to the success of the Air National Guard are our mission support units. There are 244 independent units heavily concentrated in the areas of communications, weather, tactical control and civil engineering. There are also 298 mission support units located with our flying units. These are primarily medical, civil engineering, security and aerial port units.

Like their flying unit counterparts, our mission support units contribute heavily to the total Air Force combat capability. In FY 1986, the Air Guard will possess 65 percent of the Air Force combat communications forces, 55 percent of the Air Force's engineering and installations forces, 30 percent of the civil engineering forces, 55 percent of tactical weapons control, 10 percent of the weather reporting and forecasting forces, 72 percent of the aircraft control and warning forces, and 12 percent of the aerial port forces.

Air National Guard strength levels are at an all-time high. With approximately 110,000 personnel presently assigned, we anticipate meeting our FY 86 end strength of 110,859 and moving on toward our FY 87 end strength target of 115,200. Even with this unprecedented growth, we have not been able to fill 100 percent of our wartime requirements. We still have some hard to fill vacancies, and through our selective recruiting efforts, we hope to fill those voids.

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Each ANG unit is an active part of the total force. Almost every unit is involved in a simulated wartime training activity during the year. We have increased our participation in JCS exercises, overseas deployments and joint training exercises to prepare our forces for mobilization. Operational Readiness Inspections (ORIs) are also conducted under simulated wartime conditions. As a result, the ANG is more ready today than ever before.

There are a number of contributing factors to our readiness. Recent adjustments to ANG precedence ratings in the DoD Logistics System have given us parity with like Air Force units. As a result, we have improved our equipoage and support posture in consonance with DoD policies. Newer, more modern equipment is also a factor as fewer logistical problems exist. And, our people are putting forth a superb effort. Realistic training and increased activity provides a solid base in preparation for ORIs. These inspections are conducted using realistic wartime scenarios that inject stress and require unit commanders and staff to make decisions that closely approximate what would or could be done in an actual wartime environment. The majority of Air National Guard units now deploy from their home station to Air Guard Field Training Sites and other locations for their inspections. These deployments accentuate mobility training and experience in unit operations in unfamiliar environments and have materially enhanced unit readiness and capability. An Air National Guard unit (263rd at Badin, NC) was the first of any Air Force Combat Communications units to receive an outstanding ORI rating.

In reviewing the mix of active and reserve forces, I feel that the Air Force has achieved a well balanced mix. The primary Air National Guard mission should continue to be to provide properly trained and equipped units for mobilization whenever and wherever called upon in a time of crisis. As evidenced by our increased readiness, our flying and mission support units stand ready to respond in any mission area, both State and Federal.

As more modern aircraft and equipment become available, robusting of some ANG units will continue to provide increased capability at relatively low cost. More combat flying units would not add more overall capability nor would it be cost effective. Transfer of active force missions with high levels of peacetime activity neither fits the basic mission of the ANG nor results in any significant economy of operations. We are better able to take advantage of available local manpower resources and lower costs of peacetime operation when we are training to provide a true mobilization force.

OPERATION AND MAINTENANCE BUDGET REQUIREMENTS

Operation and Maintenance funds are a key ingredient of force readiness. These funds are used to buy aviation fuel and flying hour supplies, perform depot maintenance on our weapons systems and their components, maintain our facilities, and pay our civilian employees.

The following table shows Operation and Maintenance, Air National Guard funding data for FY 1985-87.

($ in millions)

Budget Activity	FY 1985	FY 1986	FY 1987
Mission Forces	$1,343.2	$1,338.2	$1,437.9
Depot Maintenance	353.5	353.6	374.9
Other Support	127.9	121.4	119.9
TOTAL	$1,824.6	$1,813.2	$1,932.7

The Air National Guard Operation and Maintenance request for FY 1987 reflects an increase of $119.5 million over FY 1986 and provides real growth of 5.8 percent. The request includes program growth of $105.4 million and price growth of $14.1 million and is needed to support the Air Guard's readiness and training requirements as weapon systems modernization continues in FY 1987.

Mission Forces. This budget activity funds our flying and mission support operations. This activity has program growth of $85.2 million and price growth of $14.5 million. Major increases in this activity are the purchase of data automation equipment for the Core Automated Maintenance System ($12.5 million); federal contribution towards the Federal/State Operation and Maintenance Agreements due to completion of construction projects at 24 ANG installations ($19.4 million); costs associated with increase of 9,055 flying hours ($18.6 million); organizational clothing and equipment purchases to reduce wartime requirements backlog ($15.1 million); revision of expense and investment criteria which transfers funding from Procurement to Operation and Maintenance Appropriations ($5.3 million); and support of additional civilian and military workyears ($4.0 million).

Depot Maintenance. This activity supports funding for all centralized maintenance and modification of our weapon systems and other equipment performed at the Air Logistics Centers. There is program growth of $23.3 million which is offset by price reductions of $2.0 million. Major program changes are reflected for F-4E and EC-130E aircraft with associated modifications ($12.6 million); overhauls of aircraft engines and communications equipment ($26.0 million); and exchangeable items for F-4 and F-16 aircraft ($3.3 million). An offset ($17.5 million) is identified as a result of decreased F-4C requirements because of accelerated conversions.

Other Support. This activity funds the operation of the ANG support aircraft flying program, the National Guard Bureau's Air Directorate, real property maintenance, and base operating support for the six bases for which the ANG is host or single manager (Buckley, Ellington, Otis, Rickenbacker, Selfridge and McEntire). For this activity there are program reductions of $3.1 million and price growth of $1.6 million. Primary reason for decrease in this activity is one-time FY 1986 real property maintenance contracts ($4.0 million).

MILITARY PERSONNEL BUDGET REQUIREMENTS

Military Personnel funding provides for the pay, allowances, clothing, subsistence and other expenses of Air National Guard members.

The following table shows the National Guard Personnel, Air Force funding data for FY 1985-87:

($ in millions)

Budget Activity	FY 1985	FY 1986	FY 1987
Unit and Individual Training	$ 525.8	$ 559.6	$ 579.4
Other Training and Support	359.4	434.8	479.5
TOTAL	$ 885.2	$ 994.4	$1,058.9

The Air National Guard's FY 1987 Military Personnel budget request increases by $64.5 million. This increase provides 6.3 percent real growth over FY 1986. I would like to summarize the more significant elements of the program.

Unit and Individual Training. This budget program finances those personnel who annually perform 15 days of active duty for training, 48 inactive duty drill periods, and additional flying training periods (Pay Group A). It also includes basic training for non-prior service enlisted personnel as well as their follow-up training at either home station or formal Air Force technical schools (Pay Group F). Lastly, it includes funding for the pay of high school graduates and seniors who are awaiting entry into basic training (Pay Group P).

The FY 1987 budget request for Unit and Individual Training increases by $19.8 million. This increase consists of $19.2 million in program growth and $0.6 million in price growth. Major changes impacting funding levels are strength increases associated with force changes ($2.5 million), impact of prior year growth ($6.9 million), increased percentage of manning ($1.4 million), and increased Retired Pay Accrual costs associated with program increases ($5.6 million).

Other Training and Support. This budget program includes formal school training for our personnel; special training tours of active duty; pay, allowances, and other expenses for personnel on full-time active duty; and other costs such as enlistment and reenlistment bonuses, educational assistance, selective affiliation bonuses, student loan repayments, disability payments and hospitalization costs for personnel injured in the line of duty.

The FY 1987 budget request for this category increases by $44.7 million above FY 1986. The increase consists of program growth of $43.4 million and price growth of $1.3 million. Increased funding requirements are reflected for Initial Skills Acquisition Training ($0.9 million), Refresher and Proficiency Training ($0.9 million), Unit Conversion Training ($0.7 million), Direct Unit Support ($15.9 million), United States Air Force Mission Support ($7.4 million), training requirements as a result of increased aircraft ($3.2 million), and Retired Pay Accrual costs associated with all program changes ($11.2 million).

SUMMARY

The Air National Guard stands ready to meet the challenges we are given. The capability of our citizen airmen to respond to the most demanding wartime tasking is a matter of record. We appreciate the continuing support of Congress, as that support has permitted the Air National Guard to make significant progress toward our goal of strength through readiness.

Mr. Chairman, this concludes my prepared statement. I will be happy to respond to any questions you may have.

SUMMARY STATEMENT OF GENERAL GILL

General GILL. I will just sum up, sir, and say that I also thank this Committee for its support in the past years. I flew a Pittsburgh C-130 in here, an old A model, and they are very much excited about getting new C-130 Hs. In August we will complete the KC-135 re-engining to the E models.

The quality of our people is better than ever. Our retention is also better than it has ever been. We are continuing to modernize. We will be bringing C-141s on board here at Andrews. Our C-5 unit at Kelly is going as well as all of our associate units.

So it has been a very good year for the Air Force Reserve. The Air Force Reserve won all three major competitions. We are very proud of that.

Mr. MURTHA. Who did you compete against?

General GILL. In Volant Rodeo, the MAC competition, we competed against the active duty Air Force.

Mr. MURTHA. Regular United States Air Force?

General GILL. Oh, yes.

Mr. MURTHA. I just wanted to make sure we got that in the record.

General GILL. But it has been a good year, and I really have just one concern right now, and that is, over the years we have been growing larger in the support arena and we have not been getting the full time military technicians that are needed for training and administration in those areas. Our full-time personnel, as a percentage of our selected reserve, has actually been declining over the last five years.

I am concerned about that because without full time support we don't have a very reliable program.

That completes my statement. I am ready for questions.

[The statement of General Gill follows:]

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STATEMENT BY CHIEF OF AIR FORCE RESERVE

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

Thank you for the opportunity to appear before this committee to present the Air Force Reserve program for FY 1987.

I am pleased to report that the Air Force Reserve attained an end strength of 75,214 in FY 1985, exceeding our programmed end strength of 74,829. All of our units are well-manned, well-trained, and capable of mobilizing in 24 hours and deploying within 72 hours. The keys to this effectiveness are modern equipment, meaningful missions, dedicated personnel and the strong support of the active force. These factors have instilled a sense of importance and pride of accomplishment in the performance of our mission around the world. Overall, the Air Force Reserve, today, is stronger than ever.

All of our equipped flying units not in conversion status are combat ready. This includes our six associate strategic airlift wings and our Strategic Air Command (SAC) Associate KC-10 units. Earlier this year, SAC began operation of the third KC-10 Main Operating Base at Seymour-Johnson AFB, North Carolina. As with the existing KC-10 units, the Air Force Reserve Associate program will provide one-half of the total aircrew force for the KC-10 at Seymour-Johnson. Each of the three KC-135 tanker squadrons remains in combat ready status with Reserve crews standing daily alert.

The Air Force Reserve continues to pursue modernization of our airlift and fighter forces. In FY 1987 our first Reserve C-5 equipped unit at Kelly AFB, TX will grow from six to eleven aircraft and by second quarter of FY 1989 will have 15 primary authorized aircraft (16 total aircraft). Our success with recruiting the large increase in personnel for this unit has been even better than original expectations. Placing C-5As in the Air Force Reserve reduces their peacetime flying cost and extends the aircraft service life because we fly them at a lower activity level.

This summer, we will establish our first C-141 equipped strategic airlift unit by converting our C-130E unit at Andrews AFB, Maryland to C-141s. In FY 1987 we will gain six additional C-141Bs to reach a total of eight aircraft. The C-141 has long been the backbone of the strategic airlift fleet and we are proud to expand our mission to the equipped role. We will provide 100% of the aircrews and maintenance personnel for our equipped strategic airlift units while continuing to supply 50% of the aircrews and 40% of the maintenance personnel for the C-141s and C-5s in the associate fleet.

On the tactical airlift side, the FY 1985 and FY 1986 funding added by Congress for procurement of eight additional C-130Hs in each year will allow us to retire sixteen of our older C-130A models. The remaining 28 C-130A aircraft that we operate will average over 28 years of age. These vintage aircraft are programmed to remain in the inventory until the mid 1990s when C-17 procurement will allow the transfer of more C-141s, along with direct-delivery of some C-17s, to the Air Force Reserve. This plan is obviously contingent upon timely procurement of the C-17. If the C-17 program is delayed it will be very expensive, if not impossible, to maintain these 1950s technology C-130s. To preclude this, I urge Congress to fully support the C-17 program.

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We will build our fighter force from 216 to 228 aircraft in FY 1987. The increase results from activation of a new F-16 unit at Luke AFB, Arizona during the fourth quarter of FY 1987. As you know, the unit will be equipped with 24 F-16C/D models directly from the production line. While these new F-16s, along with our A-10s, help to keep the average age of our fighter/attack force down, the aging F-4D remains the mainstay. As a direct result of Congressional interest in past years, we are able to increase the combat capability of these forces with the installation of low smoke engines, an off-boresight AIM-9 missile capability, an Inertial Navigation System, and a new bombing accuracy improvement. However, as with the C-130 fleet, new aircraft procurement rates are essential to our continued modernization. Any cutbacks in F-15 and F-16 procurement levels would dictate that F-4D aircraft remain in our inventory beyond the early 1990s -- when the F-4Ds and early model F-16s will be increasingly more vulnerable to the threat. Thus, I also urge Congress to support the goals and concepts of the Tactical Fighter Roadmap.

As Reservists train, they support requirements that would otherwise have to be satisfied by active force resources. For example, Air Force Reserve strategic associate and tactical airlift units flew 135,359 flying hours in FY 1985, augmenting the Military Airlift Command (MAC) global airlift mission. Nearly 249,865 tons of cargo and 522,672 people were airdropped or airlanded during these operations. Associate C-9 aeromedical evacuation crews with their MAC counterparts logged 16,437 flying hours airlifting more than 52,000 patients in the United States.

In an operation which began in 1977, we continue to share rotational duty in Panama with the Air National Guard in support of United States Southern Command. We provide six C-130 aircraft and seven crews six months of each year. Throughout the year, Reserve aerial port squadrons continued to augment airlift support to Osan Air Base in the Republic of Korea on a rotational basis.

Supporting other MAC missions, the Reserve's weather reconnaissance squadron at Keesler AFB, Mississippi, flew over 4,000 hours conducting weather surveillance, including the tracking of seven major hurricanes and three tropical storms. While tracking Hurricane Danny along the Louisiana shoreline in August, a Reserve WC-130 crew from Keesler searched for and rescued seven people aboard a disabled sailboat in the Gulf of Mexico.

In other FY 1985 humanitarian actions, Air Force Reserve rescue and recovery units flew 142 search and rescue missions and were officially credited with saving 58 lives. During this same period, the Civil Air Patrol (CAP) flew 2,199 search and rescue missions accounting for 109 lives saved. The Air Force Reserve continues to provide valuable assistance and advice for CAP activities such as cadet encampments, aerospace education workshops, and a wide variety of other special activities including disaster exercises. We provide 26 percent of the tactical airlift aircraft, 28 percent of the weather reconnaissance aircraft, 28 percent of the special forces aircraft, and 23 percent of the air rescue and recovery aircraft. While the flying units provide a significant portion of the Total Force, the Air Force Reserve also has a large combat support and mission support capability.

Many of our combat support and mission support activities, as part of their training activities, make significant peacetime contributions which assist in keeping the peacetime costs of the Total Force to a minimum. The Air Force Reserve provides 64 percent of the aeromedical evacuation units and 22 percent

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of the Air Force's tactical hospital and clinics. Currently, Reservists contribute almost 60 percent of the aircraft battle damage repair capability with personnel in six Air Force Logistics Command gained combat logistics support squadrons. Also, the Air Force Reserve provides approximately 26 percent of the Air Force civil engineering force and equipment and 47 percent of the aerial port squadrons. The majority of our combat support build from FY 1986 to FY 1987 is in the civil engineering and medical forces.

In addition to our unit program, the Air Force Reserve has a successful program to provide trained individual mobilization augmentees (IMAs) to the active force upon mobilization. IMAs are members of the Selected Reserve and are assigned to specific positions established in active force organizations. They are trained and supervised by the active force. IMA requirements are identified by grade and skill as part of the annual wartime manpower planning process of the Air Force.

Reservists assigned to IMA positions are fully qualified in their Air Force specialties. As a result, these Reservists in fields as diverse as medical, legal, research engineering, maintenance and intelligence are able to assist with the day-to-day mission of their organizations while accomplishing their required training periods. For example, some of the physicians giving physicals or prescribing medication on a typical Air Force Base are IMAs performing their monthly or annual training. As another example, IMAs in the intelligence field are producing standardized critical area intelligence summaries for postulated missions into selected countries. These summaries cover data on geography, population, weather, military capability, and lines of communication. In addition, intelligence IMAs support the Airborne Warning and Control System by participating in deployments to Saudi Arabia.

We have already attained 99% of our FY 1986 programmed strength of 11,876 IMAs in Pay Groups A, B, and D. Category A Reservists are authorized 48 inactive duty training periods per year plus a 15-day active duty tour. Category B Reservists are authorized 24 inactive duty training periods per year, plus a 12-14 day active duty tour while Category D Reservists are only authorized a 12-14 day active duty tour. For FY 1987, we are requesting an IMA strength of 12,483. The total Air Force requirement for approximately 21,100 wartime IMA positions is indicative of the importance attached to this program. For the past few years, we have been working toward increased manning of these positions consistent with our ability to fund the program. Requests from the active force for IMAs to fill approved wartime manning positions always far exceed the funds available to do so.

I mentioned earlier the very favorable manning posture the Air Force Reserve has achieved and maintained. We started FY 1985 with 70,318 people and ended the year with an on-board strength of 75,214, a net increase of nearly 5,000 people. We have maintained the quality of our force as evidenced by the fact that 99 percent of all non-prior service enlistees were high school graduates or equivalent. Our unit commanders and supervisors at all levels continue to take an active recruiting role. With their enthusiasm and hard work, combined with the excellent performance of our recruiting force, and a continued command emphasis on retention, we fully expect to meet our FY 1986 programmed end strength.

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We finance our force structure and programs primarily in two appropriations. These are the Reserve Personnel, Air Force appropriation and the Operation and Maintenance, Air Force Reserve appropriation.

The Reserve Personnel appropriation provides for the pay and allowances of reservists during their active and inactive duty training periods, while performing special tours of active duty, and while undergoing school training. It also includes funding for Reserve personnel called to full-time active duty for training, administration and recruiting of the Air Force Reserve program. Also included are the military personnel costs of students enrolled in both the Senior and Junior Reserve Officer's Training Corps (ROTC) programs and students participating in the Armed Forces Health Professions Scholarship Program (HPSP). Although ROTC and HPSP programs are not managed or controlled by the Air Force Reserve, their costs are included in this appropriation.

The FY 1987 request for the Reserve Personnel appropriation is $646.0 million which is an increase of $34.2 million over the FY 1986 current estimate. This growth reflects increases of 3,100 end strength and 2,700 average strength. Our second F-16 unit (at Luke AFB, Arizona), the full year impact of FY 1986 aircraft conversions, and other added aircraft in FY 1987 account for most of the requested increase in personnel. Additional requirements in mission support capability to meet wartime taskings are reflected by increase of 168 aerial port aircraft loading and transportation personnel, 749 medical support unit personnel, and 991 civil engineering specialists. Also included is $6 million for pay and travel of thousands of Individual Ready Reservists who will be involuntarily recalled for one day's active duty for data collection at centers across the Nation.

The Operation and Maintenance, Air Force Reserve appropriation provides for the day-to-day operating expenses of Reserve bases and units. This includes the pay of civilian personnel, aviation and ground fuels, depot maintenance, real property maintenance, supplies and other expenses required to carry out the Reserve mission. This appropriation increases in FY 1987 by $72.9 million of which $12.2 million is price growth and $60.7 million is program growth. The requested program increases are the result of obtaining additional C-5 equipped and KC-10 associate aircraft, and the F-16 unit conversion at Luke AFB, Arizona. It also includes the full year's operation of the FY 1986 C-141 aircraft conversion plus additional C-141 aircraft in FY 1987, and other unit and mission changes to enhance readiness and wartime capability. The increases in FY 1987 occur in C-5 Strategic Airlift ($12.8 million), KC-10 Tanker Cargo ($10.1 million), C-141 Strategic Airlift ($10.3 million), F-4 Tactical Fighters ($1.0 million), F-16 Tactical Fighters ($4.3 million) and Civil Engineer, Aerial Port, Aeromedical Evacuation and Medical Service Units ($2.2 million). Depot Maintenance program growth ($19.5 million) is related to the addition of more modern, sophisticated aircraft to the Air Force Reserve inventory and increased structual repairs on the F-16 and aging F-4 fleets. Our base operating support and real property maintenance requirements also increase in FY 1987 ($1.9 million). This increase is driven by the increased numbers of modern aircraft entering the Air Force Reserve inventory, the increased number of mission support units, and the FY 1987 requirement to provide security for aircraft located on Air Force Reserve bases.

The requested growth continues to recognize the ever changing needs of our national defense and provides the Air Force with a better equipped, more operationally oriented Air Force Reserve that can be mobilized immediately.

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Now that I have discussed our requirements for FY 1987, let me briefly update you on what we were able to accomplish in FY 1985. The most impressive Air Force Reserve accomplishment in 1985 was taking top honors in the Air Force's "Triple Crown" --Military Airlift Command's Volant Rodeo (international tactical airdrop competition), Tactical Air Forces' Gunsmoke (worldwide gunnery competition) and Strategic Air Commands's KC-135 bombing and navigation competition. Also in 1985, the Air Force Reserve was the first command to receive the USAF Chief of Staff Special Achievement Award for outstanding flying safety accomplishments for two straight years. This was based on high standards of flying safety and mission accomplishment, with 137,500 hours in 11 types of aircraft.

The war-fighting and readiness role of the Air Force Reserve continues to be an important element within the Total Force. With the continued support of your committee, we will continue to modernize our equipment, effectively accomplish operational mission requirements, recruit, train and retain the people needed to ensure we are ready to fight at any time.

Before closing, I want to express my appreciation for the concern and interest shown by this Committee in the readiness and equipage of our Reserve Forces.

This concludes my statement, Mr. Chairman. I will be glad to respond to questions.

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TABLE 1

DEPARTMENT OF THE AIR FORCE

AIR FORCE RESERVE PERSONNEL

	FY 1985 (ACTUAL)		FY 1986		FY 1987		FY 1988	
	END	AVERAGE	END	AVERAGE	END	AVERAGE	END	AVERAGE
FLYING UNITS	37,233	35,240	36,336	35,389	36,837	35,995	39,035	37,726
MISSION SUPPORT UNITS	24,141	22,808	26,756	26,349	28,707	27,994	29,226	28,532
INDIVIDUALS	11,682	11,600	11,876	11,591	12,483	12,000	13,158	12,516
STATUTORY TOURS	275	243	304	301	310	310	310	310
RECRUITERS	295	297	331	328	366	359	374	374
NON-PRIOR SERVICE ENLISTED PROGRAM	1,208	1,041	1,425	1,270	1,425	1,270	1,425	1,270
NON-PRIOR SERVICE ENLISTED PERSONNEL AWAITING TRAINING WITH PAY	380	248	372	372	372	372	372	372
TOTAL SELECTED RESERVE	75,214	71,477	77,400	75,600	80,500	78,300	83,900	81,100

TABLE II

DEPARTMENT OF THE AIR FORCE

AIR FORCE RESERVE FORCE STRUCTURE, FLYING UNITS

	END OF FISCAL YEAR		
EQUIPPED UNITS	1985	1986	1987
C-5 Strategic Airlift	1	1	1
C-141 Strategic Airligt	0	1	1
C-130 Tactical Airlift*	15	14	14
Aerospace Rescue & Recovery	3	3	3
WC-130 Air Weather Service	1	1	1
CH-3E Special Operations Force	1	1	0
AC-130 Special Operations Force	1	1	1
KC-135 Strategic Refueling Tanker	3	3	3
F-4 Tactical Fighter	5	5	5
F-16 Tactical Fighter	1	1	2
A-10 Tactical Fighter	5	5	5
Total Equipped Units	36	36	36
ASSOCIATE UNITS			
C-141 Strategic Airlift	13	13	13
C-5 Strategic Airlift	4	4	4
C-9 Aeromedical Evacuation	1	1	1
KC-10A Tanker Cargo	2	3	3
Total Associate Units	20	21	21
**TOTAL UNITS	56	57	57

*Includes an aerial spray detachment of three UC-123K aircraft until FY 1987 when the capability will be transferred to C-130 aircraft.

**These units also include over 250 support units such as Consolidated Aircraft Maintenance Squadrons, Weapons Systems Security Flights, Mobility Support Flights, etc.

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TABLE III

DEPARTMENT OF THE AIR FORCE

AIR FORCE RESERVE FORCE STRUCTURE, MISSION SUPPORT UNITS

	END OF FISCAL YEAR		
	1985	1986	1987
Combat Logistics Support Squadrons	6	6	6
Aeromedical Evacuation Units	21	21	21
Medical Service Units/Contingency Hospitals	18	18	19
Aerial Port Squadrons	66	67	68
Civil Engineering Squadrons/Flight	46	53	57
Civil Engineering Squadrons (Heavy Repair)	1	1	1
Communications Security Squadrons	2	2	2
Basic Military Training Squadron	1	1	1
Numbered Air Forces (Reserve)	3	3	3
TOTAL	164	172	178

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C-5 TRANSFER TO GUARD AND RESERVE

Mr. MURTHA. The gentleman from Washington.

Mr. DICKS. Are new C-5Bs or the old A, are they being transferred to the guard?

General CONAWAY. Some of the As are, sir.

Mr. DICKS. How many?

General CONAWAY. Eleven are what have been announced at Stewart in the New York Air National Guard. They have three currently and will go to five, eight, then eleven in the next two years.

Mr. DICKS. Okay.

General CONAWAY. That is our only location.

Mr. DICKS. Can you afford them?

General CONAWAY. Well——

Mr. DICKS. They are the most expensive airplane to operate. There has been some suggestion that the Air Force is trying to get rid of them to the Guard because they just cannot afford the O&M costs.

General CONAWAY. One of the things that they are doing——

Mr. DICKS. Is it a less expensive way to operate the planes and still have the capability although not in the active force?

General CONAWAY. Yes, it probably is. The Guard and Reserve are both getting these organically, its not just the Guard. In fact the Reserve is getting a few more than we are. The Air Force has funded us in our account for the aircraft at a 2.0 crew ratio.

Mr. DICKS. What does that mean? Explain that for us laymen.

General CONAWAY. That means if you have eleven airplanes at a location, you would have 22 formed crews versus a 4.0 crew ratio and 44 crews. So if you only have 22 fully-formed crews for those eleven aircraft then you don't have to fly as much to keep those crews current and you fly at a lesser activity level.

Mr. DICKS. That means you have fewer people who are capable of flying the C-5.

General CONAWAY. That is correct. In a surge you don't have the people available to surge that airplane utilization. But you fly the airplane in peacetime at about half the utilization rate. We do it with a lot of our guard airline pilots, so we can operate and save $30 to $40 million a location because we fly at lower utilization rate.

Now, how can we do that? With the additional C-5Bs coming on for outsized airlift, we may have more than actually needed for peacetime, so you can fly part of it at a lower rate. We are able to fly at the lower utilization rate and 110 or 120 hours per year per air crew versus twice that much for an active duty crew.

The only place we can save is in flying hours. When we put a C-5 up in the air for an hour, it costs.

COST TO FLY C-5

Mr. DICKS. Costs the same?

General CONAWAY. Yes.

Mr. DICKS. It is just flying it less.

General CONWAY. That is right.

Mr. DICKS. What is the cost per hour?

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General GILL. It is decreasing with fuel costs coming down, but it was as high as $12,000 an hour for a C-5.

Mr. DICKS. When you compare that to, for example the C-141, or C-130, what is the difference?

General GILL. Considerably more than a C-141 but of course comparable to something like a Boeing 747.

Mr. MURTHA. Is this $12,000 per hour based on the new fuel rates?

General GILL. No, as the fuel rate falls it is certainly going to decrease for instance, we will go to 15 airplanes at Kelly. I have five on board now and the recruiting is going very well. We are already flying MAC missions over MAC routes. The crews are very capable and are doing a fine job.

We are manning right now to a 4.0 crew ratio which is what the C-5 has always been.

MAC has said that it should drop to a 3.0 crew ratio overall in 1987. That is three crews for every airplane.

Now they say the unit equipped Guard and Reserve that will go down to two crews per airplane but in the associate units at Dover, Delaware and Travis, Calfornia, they will be at 3.6 which is a 1.8 crew ratio on the active side and 1.8 on the reserve side. As far as being cost-effective, because we only pay our people when they actually perform the mission and fly. Also due to our lower activity rates and not having to train pilots since our people are already trainied, the Air Force figures that the Kelly operation saved $71 million a year.

Mr. DICKS. Will there be a transfer of more C-5As?

General GILL. Yes, they are in the program now. I have two locations, Kelly Air Force Base and Westover Air Force Base.

General CONAWAY. We have one and they may be looking at another one.

COST COMPARISON OF C-5 TO C-17

Mr. DICKS. Compare the difference in cost of the C-5 with the proposed C-17. I understand there is an enormous difference in terms of the operational cost of the two aircraft.

General GILL. Yes. I have seen the briefing but I am not able to give you the exact figures. They are based on number one, more fuel efficiency and of course much less maintenance on a C-17.

Mr. DICKS. What is your maintenance cost per flight hour for the C-5?

General GILL. I cannot give you a maintenance cost but I can give you maintenance hours per flying hour. It runs somewhere in the neighborhood of 75 to 80 maintenance man hours per flying hour. An F-4 or C-130 runs about 30.

Mr. DICKS. So it is far and away the most expensive to operate, and takes the most maintenance to maintain?

General GILL. It is also the largest aircraft.

Mr. DICKS. Thank you, Mr. Chairman.

Mr. MURTHA. The gentleman from Pennsylvania.

Mr. MCDADE. No questions, Mr. Chairman.

Mr. MURTHA. The gentleman from Florida.

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A-7 UPGRADE

Mr. YOUNG. General Conaway, we are aware of the proposition to upgrade the Air National Guard A-7s to the strike fighter configuration for the close air support/battlefield aerial interdiction mission. Is this a proposition that has your support, and do you believe it has merit?

General CONAWAY. I believe the A-7 strike fighter proposal does have some merit. We are looking very closely at this with the Air Force Tactical Air Command as well as with the Air Staff, and it looks like we are very interested in a couple of these aircraft being modified with a new engine, and updated avionics to bring it up to the state of the art capability.

It is a great air-to-ground airplane. The A-7 as it is today will become obsolete in the 1990s. The air frame does have a lot of time left on it, so we are looking at it. If the costs are right and we can get at least two plus airplanes for the price of an F-16, it can complement the F-16 with a great payload that the A-7 can carry.

Mr. YOUNG. Do you have any preliminary figures on what the costs will be, whether you will get that two for one airplane or not?

General CONAWAY. Initial estimates may be $7 million or slightly under $7 million an aircraft, which would include a new F-100 or 110 engine, whichever would win the competition, plus an updated avionics package. It would still be a long-range aircraft for battlefield air support.

Mr. YOUNG. How much time is left on the air frames that we would be using should this proposition go forward?

General CONAWAY. We estimate that there may be enough time left on the air frames at the current rate we are flying them to take us past the turn of the century. It was a well-built aircraft initially. It is a very interesting proposal that we are very seriously looking at.

ACMI RANGES

Mr. YOUNG. Last year during our hearings you and I talked at length about the Air Guard's utilization of the ACMI ranges. General Gabriel testified that Air National Guard units did not have nearly as much access to those ranges as the active forces.

Based on your testimony and General Gabriel's testimony last year, we asked for a study of the problem and proposed $25 million out of the authorized funds for an ACMI range for the Guard and Reserve. The study is now complete and I think it strongly confirms what General Gabriel and you testified to, that is that the Guard only gets access to these ranges for 1 percent of the required training while active forces get access for 50 percent of their training requirement.

The study also says that the range that Congress provided for in last year's continuing appropriation bill would increase that ability to 20 percent of the initial requirement and 30 percent eventually. Can you give us a brief report on how the plans for that range are developing?

General CONAWAY. We are planning to put this air combat maneuvering instrumentation range at Gulfport, Mississippi, to use the Gulf to train over. And you're correct, we have only had 1 per-

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cent access to ACMI, the Air National Guard as well as the Air Force Reserve. We'll go out for initial negotiations, with Air Force, to procure this ACMI on 1 May of this year.

It would take a year or so to get it going and set up, but that will increase our training to 30 percent. If we can get some display and debriefing subsystems at 2 or 3 other locations which could satellite into another ACMI, 50 percent of our training could be accomplished. Training on these ACMI ranges is more meaningful.

AIR COMBAT TRAINING PROJECTS

Mr. YOUNG. The OSD readiness report highlighted that 66 percent of the Air National Guard tactical strength is in the Eastern States. The Navy, Air Force and Marines are installing a large complex off the United States Southeast Coast called Charleston TACS. Are there plans to tie Air National Guard and TAC units to this range.

General CONAWAY. There are. We have an Air National Guard field training site at Savannah, Georgia. For a cost of about $6.8 million we could put in a display and debriefing subsystem along with the AIS and pod facilities so we could tie into that system giving us the same capability on the East Coast that we would have at Gulfport.

We are looking at doing the same in Tucson, Arizona, and Kingsley Field, Oregon. At Kingsley we could tie into the Fallon Range and at Tucson we could tie into the range at Luke or at Yuma.

Mr. YOUNG. General, what plans do you have to share the ranges that you just mentioned?

General CONAWAY. If we had this increased, the capability for training, we could share these ranges. For example, we would share with the Air Force Reserve and active Air Force. In return we could use their ranges. We have a large number of fighters in the Air National Guard and we are getting access for only 1 percent of the training requirements. This additional capability will help and we would be scheduled back and forth and work with each other.

Gulfport could give us the immediate display and show what the air crews have done in air combat training. It provides great combat and air-to-ground training, and saves a lot of money in training time.

In addition to the ones for about $6.8 million at three different locations as satellites, by adding one in the Air Force Reserve someplace, we could really cover the waterfront, tying into places like the Charleston ACMI.

Mr. YOUNG. The report I am referring to concludes that this increase in quality air combat training projects parity with the active component and especially for the modern high performance F-15 and F-16 fighters, is essential for survival in modern air warfare. I assume that you agree with that assessment.

General CONAWAY. Totally.

Mr. YOUNG. As does this Committee and our counterparts in the other body. I appreciate your comments on that.

Mr. Chairman, I have no further questions at this time.

Mr. CHAPPELL. [Presiding.] Mr. Miller.

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ROBUSTING C-130 UNITS

Mr. **Miller**. Thank you, Mr. Chairman.

General Conaway, I have a question about assignment of C-130s. As you undoubtedly know, the Ohio Air National Guard is second largest in the Nation in terms of assigned personnel, and it regularly achieves high ratings for performance. I notice in your statement you mention plans for robusting various Air National Guard units, but I did not see mention of Ohio in there. Do you have any plans for expanding the number of C-130s at Mansfield, Headquarters of the 179th Tactical Airlift?

General **Conaway**. I would say that we are looking at robusting some of our C-130 units, as well as fighter units. One of the things the Committee has supported with is new C-130s for modernization, which allows us to take older C-130s and retire them. We can then take C-130Bs and Es and robust remaining units. We had a land negotiation at Mansfield that I think is about complete; that will give us more room to expand the camp, and allow Mansfield to go to 12 aircraft when aircraft become available. They are in our plan, so when we can get some more C-130s we'll look at robusting the Mansfield unit.

We have robusted some units to 24 aircraft already such as the Rickenbacker unit, and we will be looking at some of the others as well. But Mansfield is a prime candidate for the Air Force to robust to 12 aircraft when the equipment is available. Robusting is very cost-effective when we have the equipment.

HOSPITAL SHIP TRAINING

Mr. **Miller**. Somewhere in your statement I notice that you spoke of medical duties, which reminds me of something. Recently we provided some $250 million for two hospital ships. This is for the Navy we know, but will you be involved in any way with those hospital ships for training for your people.

There are going to be two of the largest hospitals in the world out there floating, and they are going to be interested in taking care of Reserve and Guard personnel as well as regular Army, Navy and Air Force. I am wondering, whether you have some plans to cooperate with the active Service.

General **Conaway**. We do coordinate with the active Service. We are working closely with the Air Force as they have asked us and the Air Force Reserve to take considerable growth in future years in medical personnel. I have a 3400 personnel growth in the medical field. The second echelon hospitals like the Mansfield TAC hospital and clinic where we will expand from 40 personnel to 70 or 80 personnel as we try to recruit more doctors, nurses, and specialists. They will go train at Air Force installations overseas at colocated operating bases, where we would be sent to in wartime. They also train at big Air Force hospitals like Wilford Hall or Wright Patterson where casualties would be brought back. The Navy would help in bringing the casualties to those stateside hospitals.

Mr. **Miller**. The point of the question was that, if we put that much money into those ships—and I am sure the equipment will be many millions of dollars more—they should be utilized to the fullest extent possible, even if it is only for training. We hope they

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never have to be used in wartime, but at any rate they could be used for training.

That was the purpose of the question, to find out whether you were involved in the hospital ship operation. Thank you.

Thank you, Mr. Chairman.

Mr. Chappell. Are there other questions?

GUARD OR RESERVE PERSONNEL IN LIBYAN OPERATION

Mr. Murtha. Mr. Chairman, if I can just ask a couple of questions.

Did we have National Guard or Reserve personnel involved in the Libyan operation?

General Conaway. We were involved in some support of the Libyan operation.

Mr. Murtha. Could you detail what involvement there was, anything that is not classified?

General Conaway. I don't think we can at this time, but we were both involved.

General Gill. We were both involved.

IMPACT OF GRAMM-RUDMAN-HOLLINGS ON O&M

Mr. Murtha. The total 1987 request for the operation and maintenance Air National Guard is $1,932,700,000. This compares with the current 1986 post-sequestration estimate of $1,724,698,000. Even without the application of the $88,502,000 Gramm-Rudman-Hollings cut, this account in current year dollars in 1986 was already below the 1985 actual amount.

How have you applied the Gramm-Rudman-Hollings reduction in 1986 and what effect has it had on your operations, especially concerning flying hours and possible civilian furloughs?

General Conaway. It has had a potential devastating effect on the Air National Guard. We are trying to maintain readiness, but we are going to drop slightly. We have already cut 20,000 flying hours out of the program. We average 125 to 130 hours per year per air crew member. We are dropping that 10 hours per month per air crew member for the rest of the year, and corresponding supplies and depot maintenance and all the temporary technicians that we have to help with surges. They are off the books.

We face a potential furlough in September; we are going to try to avoid this with a reprogramming, but when you look at our account, 80-plus percent is for military technicians, flying hours, spares and depot maintenance. When you have to take an $88 million cut on the entire appropriation after the year is half over we are going to have problems executing on schedule.

Mr. Dicks. You double the cut for the rest of the year.

General Conaway. Yes. We are worried about September. We do not need Gramm-Rudman in 1987. If Gramm-Rudman would trigger in 1987 to the figures General Walker talked about, which were basically accurate, it would only take one year and you would have the Air National Guard back to the 1975 levels of readiness. You have helped and we have worked hard for eleven years to attain this present state of readiness.

We could go downward in 18 months.

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IMPACT OF GRAMM-RUDMAN-HOLLINGS ON PERSONNEL

Mr. DICKS. What about personnel cuts?

General CONAWAY. We would have 15,000 drill strength cuts next year in and over 2,000 technicians cuts next year.

Mr. DICKS. We have spent literally millions of dollars trying to recruit people into the Guard and Reserve to build up to this level, an enormous amount of energy, where we had all these problems, maybe not as much in the Air Guard but certainly in the Army and now we are going to reverse that after we have had all this effort.

If I were somebody out there, I would say I wonder whether I should get into this outfit or not because I may be gone. Doesn't it create a lot of uncertaintly with people coming in?

General CONAWAY. It has created morale problems in the military technician program. For example, our military technician pay—part of the O&M account, didn't get excluded from the cut as was Military pay. Pay for drill strength and active duty basically got excluded in 1986.

The technicians did not. To no avail, we went in for a technical correction to have civilian pay excluded because we felt our uniform wearing technicians were our primary force. We got dipped again when the Administration said we are not going to hurt uniformed personnel this year.

General GILL. Because they look at the technicians as straight civilians.

Mr. MURTHA. So much of our combat force is paid for such a low rate. You have well-trained people, in competition you surpass the regular Air Force so you have this reservoir of trained people and they are not going to be as well trained as what it amounts to, and we are going to lose this combat strength.

For the dollar we are spending you couldn't get a better dollar than we spend in Reserve and National Guard.

General CONAWAY. Gramm-Rudman hurts. We are at such a low activity rate today and you cut that even lower.

General GILL. One of the things that comes up on Gramm-Rudman is the fact that as the active force takes the cut, they look to John and me and say we have a program that you could possibly take within the Guard and Reserve and save the taxpayer's money, but the way Gramm-Rudman works, we are cut the same way——

Mr. DICKS. In other words, say the Air Force has to reduce itself by 30,000 people. In normal circumstances those would be the people you would love to have in the Guard and Reserve, but because you are getting cut there are no spaces to absorb those highly trained individuals on whom we have spent hundreds of thousands of dollars training.

General GILL. Exactly.

TECHNICIAN POSITIONS

Mr. DICKS. What did you do on the O&M cuts on the technicians, did 10 percent go out?

General GILL. We are trying to as much as possible by attrition. For 1987 it is 7,740 Reserve spaces I would lose and 1,260 military technician positions.

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Mr. DICKS. 1986 or 1987?

General GILL. 1987.

Mr. DICKS. What happened in 1986?

General GILL. In 1986, my cut was a total of $59.2 million. We have cut 16,000 man days out of the program altogether. We cut 8,300 flying hours. And the civilian personnel reduction is 300, which is primarily civilian technicians.

General CONAWAY. With our technicans in the Air National Guard we laid off all the temporary technicians, over a thousand of them are off the books. We have deferred hiring, when technicians leave or retire. We are basically deferring hiring until later in the year thereby degrading our flying and we may possibly have to look at a furlough.

We want to maintain the technician corps we have because hopefully after 1 October we won't have this problem. We don't want to have to go through a RIF now when on 1 October we may have a budget to operate normally again.

General GILL. Once those technicians go out the door, it is extremely expensive to get the skill level back.

Mr. DICKS. So your recommendation would be if Congress chooses not to develop an alternative defense budget, which we hope it will do as part of an alternative to Gramm-Rudman-Hollings across-the-board sequestration, but we decide as part of that that we want to protect personnel, the management levels, you would like a specific exemption written in to take care of your problem with these——

General GILL. Military technicians.

Mr. DICKS. I think that is important that we have something from you on that in the record to lay it out like you have done very effectively here. It was the intent of Congress to allow personnel to be exempted, but this is one thing that fell in between the cracks—there is a lot of unintended consequences.

General GILL. In 1986, military personnel weren't to be touched, but that was not true of civilian personnel. So our military technicians were lumped in with the overall Air Force civilians.

Mr. DICKS. Thank you.

Mr. CHAPPELL. Please answer the balance of the Committee questions for the record.

[CLERK'S NOTE.—Questions submitted by Mr. Chappell and the answers thereto follow:]

AIR NATIONAL GUARD TRAINING AIRCRAFT

Question. The House and Senate Appropriations Committees directed the Air Force to Phase out obsolete T-33 aircraft assigned to the Air National Guard and replace them with 45 T-39 aircraft being retired, to be accomplished by the end of fiscal year 1986, and within existing O&M appropriations to the Air National Guard. Cost savings are estimated to be $30 million over 10 years. Yet, the Air Force's "FY 1987 Base Realignment Announcement" indicates that: (1) obsolete and dangerous T-33's will not be phased out for three more years and (2) the Air Force intends to contract for a replacement aircraft rather than use T-39's which otherwise will be scrapped. General Conaway, why has the Air Force ignored both Appropriations Committees' instructions on this issue? Do you personally endorse the alternative proposal reflected in your budget, which is contrary to congressional intent?

Answer. I am not aware of any intention to ignore the direction of Congress. Yes, I do endorse our Budget Proposal.

ALTERNATIVE CONTRACT APPROACH

Question. How much is budgeted for the Air National Guard in each fiscal year of the Air Force five year defense plan for the alternative "contract" approach?

Answer. The total funding profile for the T-33 contract replacement in FY 86 and FY 87 is as follows:

Fiscal year:	*Millions*
1986	0
1987	$10.7

Nothing has been identified in fiscal year 1988 thru 1990 specifically for the ANG. This is because the program was originally planned to be funded totally within the Active Air Force O&M account. Due to concerns over guaranteed daily training for the Air National Guard, the Air Force has decided to create a separate funding line for the ANG. This line will be established during the upcoming cycle and be included in the FY 88 Budget Estimate Submittal (BES) to OSD.

GUARANTEED SERVICE TO ANG

Question. In your opinion, does the funding in the five year defense plan guarantee service to the Air National Guard equal to 45 T-39 aircraft as directed by Congress?

Answer. No, the current FYDP funding does not.

Question. Does it even provide service to the Air National Guard equal to the current obsolete T-33 fleet?

Answer. We believe that it will.

ECM EQUIPMENT

Question. Has the Air Guard even attempted to try the T-39 concept using available electronic countermeasure (ECM) equipment such as ALQ-71 or ALQ-72 pods?

Answer. No, we have not.

ANG TRAINING

Question. In your opinion, would this approach provide useful training to the Guard?

Answer. In the near term, yes. The ALQ-71 jammer would do an adequate job for training the TPS-43E radars of the Tactical Control Units. An ALQ-72 jammer would do a fair job of training our F-4 crews, a poor job for our F-106 crews, and nothing for our F-16 crews.

AVAILABLE ALQ-71 PODS

Question. Is it the Guard's position that there are no ALQ-71 or 72 pods anywhere in the Air Force inventory that could be used for this purpose? Not even at Castle AFB?

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Answer. No, that is not the ANG position. We understand that there are 172 ALQ-71 pods, and 90 ALQ-72 pods in the AF inventory. Of these pods, 80 have been stripped for parts and 57 are earmarked to be used to upgrade to new pods.

ALTERNATIVE ECM PODS

Question. Is it the Guard position that there is absolutely no alternative to buying new ECM pods, at about $1 million per copy, for the faker mission?

Answer. No, that is not our position, and there are several alternatives. Our requirements report indicates that about 54% of the missions need the advanced capability. Originally it was thought that a modern capability jammer meant programmable ECM pods with a receiver processor capability, like the ALQ-131 and 171 pods. These cost about $1M per copy, and that does not include the cost of a chaff cutter, nor a communications jammer, nor the cost of installation.

But the Air Force and the ANG found a better way as outlined in their report to congress where it stated the expected costs for a full up system with the radar jammers, chaff, comm jammers, and installation would be approximately $835K. This is the full up system with debriefing capability, which might only be needed on one-half the aircraft. In fact, we suggest specifically that *all* the fleet have chaff and comm jammers, and that only half have the full up system.

[CLERK'S NOTE.—Additional information was received and is on file with the Committee.]

BENEFIT TO GUARD AIRCRAFT

Question. Explain how current Guard aircraft, given the inherent limitations of their radars, would benefit from the procurement of new ECM faker pods.

Answer. The new ALQ-188 ECM pods allow pre-programming to meet ECM training needs of various types aircraft. This capability is not planned for the Faker aircraft. Instead, as previously explained, we would like to install a system with an operator that can tailor the training to the aircraft's, aircrews', and mission's capabilities/limitations and then provide a verbal and a hard-copy debriefing. These capabilities would be far superior to anything we have today. The gain in combat effectiveness of the aircrews will far outweigh the costs of providing that training.

FAKER AIRCRAFT APPROACH

Question. The Committee understands the Air Force may be prepared to invest over $100 million in the contract faker aircraft approach. If we were to give you $100 million with no strings attached, General Conaway, would the faker contract be your highest priority for such funds?

Answer. I don't know how much the Air Force is prepared to invest, but if you were to give the ANG $100M of O&M, my first priority would be to restore the 20,000 flying hours we had to give up under the Gramm-Rudman-Hollings mandated budget cuts.

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TRAINER AIRCRAFT

Question. Why do you think the Air Force can not afford to buy urgently needed trainer aircraft and search and rescue helicopters, but can afford ill-conceived schemes to lease commercial aircraft which are not needed to accomplish the stated mission?

Answer. The Air Force is committed to providing strategic defense forces with realistic ECM training for interceptor aircrews and weapon controllers. Contracting the Faker/ECM mission is the most cost effective method of providing this training.

CONTRACTING FOR A SERVICE

Question. In your professional opinion, General Conaway, what is the difference between "leasing aircraft", which is prohibited by the Appropriations Committees of Congress, and "contracting for a service" as the Air Force proposes for the EDM faker aircraft?

Answer. The Air Force plans to purchase a contractor's services to fly the ECM FAKER missions. To perform the service, the contractor may use his own aircraft or choose to fly aircraft provided by the Government. The Government will not be leasing, maintaining or operating aircraft.

Question. Why do you believe this is intellectually honest?

Answer. Because I think there is a definite difference between contracting for a service and leasing aircraft.

CONTRACT APPROACH

Question. Under a contract approach, has the Guard been guaranteed that service will be available at all times needed by the Guard and to the extent that would exist if the Guard possessed 45 T-39's for the ECM faker role?

Answer. The statement of work and contract do guarantee that the required amount and type of service will be available as long as the appropriate amount of funds is provided.

"UNIT INTERCEPTOR" TRAINING

Question. Has the Guard been guaranteed "unit interceptor" daily training under the contract alternative?

Answer. The statement of work and contract guarantee "unit interceptor" daily training under the contract alternative so long as appropriate funds are made available.

Question. How is this reflected in the funding profile?

Answer. The Air Staff Program Decision Package (PDP) currently is simply a one line appropriation of O&M funds, but the Air Force has decided to create a separate funding line for the ANG which will appear in the President's FY 88 Budget. Overall management of the program has been given to TAC.

Question. Does it meet your full requirement?

Answer. We are waiting until the proposals are in and the revised funding profile is established to better determine what we will do with the financing available.

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WEAPONS CONTROLLER TRAINING

Question. Has the Guard been guaranteed "weapons controller" daily training under the contract alternative?

Answer. No, it has not.

Question. How is this reflected in the funding profile?

Answer. There are no words or funds in the PDP that address weapons controller training for our Tactical Control Units. The ANG is expected to compete in the FY 89 POM for funds to support the Weapons Controller units.

Question. Does it meet your full requirement?

Answer. We don't know yet. We can say, however, that the contract program is expected to replace all of the T-33 flying time the ANG is presently using for Faker training. Controllers are making requirements now, and there is no reason to believe they should not meet them under the Faker contract. The program should eventually provide weapons controller daily training.

NORAD REGION EXERCISES

Question. How many live NORAD region exercises are included in the five year funding profile requested above, by fiscal year?

Answer. NORAD conducts three Amalgam Chiefs and one Amalgam Brave exercise per fiscal year. In addition to these, each NORAD region (23rd, 24th, 25th, 26th, Canada East, Canada West and Alaska) is tasked to conduct three region "Brave" exercises. The faker sortie requirements for these NORAD exercises are included in the FY 87 and FY 88 budgets. The Five Year Defense Plan (FYDP) is an expression of fiscal estimates at a particular point in time. The FYDP beyond the budget year is an internal record of proposed program and resource requirements and includes programs that will be deleted, deferred and repriced. It includes no narrative explanation and may, in fact, not agree with the President's outyear budget. Such data could be misinterpreted, thereby consuming many unproductive hours on the part of both our staffs, explaining differences between updates and subsequent budget requests. For these reasons, we have not addressed funding past FY 88.

CORROSION CONTROL

Question. The Air Force claims significant corrosion control would need to be provided every 5 years on T-39's if they were provided to the Guard. During the life of the T-39's in the Active force, how many times was this major corrosion control accomplished in five year intervals?

Answer. Corrosion control is not new. The first 12 aircraft went through Rockwell International in 1967. In May 1986 a contract for IRAN (PDM) was let to ITEC in Nebraska for 40 aircraft. Corrosion work was a major element of the work statement. In 1969 we contracted with CAE in Canada to do 71 aircraft. The program was ended in 1971 when we began the remanufacture program with Rockwell. This was done at the end of its service life of 11,250 flying hours, and a new servcie life of 11,250 additional hours was attained. This remanufacture of 130 aircraft, done in the 1971-74

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time frame, entailed extensive replacement of fatigued and corroded metal. After remanufacture, the T-39 was removed from cyclic maintenance, reverting to an on-condition maintenance concept. An Analytical Condition Inspection (ACI) program was begun, as with all arcraft, to make deep inspections of critical areas.

In 1977 the ACI program revealed severe corrosion damage. This led to a one-time corrosion inspection which showed widespread corrosion problems varying considerably betweeen aircraft. A depot level corrosion control program was started to cover the worst aircraft first. Between 1977-1980 35 aircraft were reworked through an interservice support agreement with the Pensacola Naval Air Rework Facility. Following this, during 1980-83, 73 aircraft were reworked at the Sacramento Air Logistics Center. The program was curtailed, then stopped, when phase-out was announced.

Over the past 20 years the problems with corrosion have become progressively worse. Many economies of scale are realized by bringing the aircraft to an industrial facility for comprehensive rework. The manhours required have averaged 8,500 per aircraft, with some exceeding 10,000 and others somewhat below the average.

If one could say with certainty that the aircraft would be converted to the faker mission for a period of two years, or less, something less than a comprehensive corrosion control program might be possible. This would entail inspection and repair as necessary on some of the aircraft, with special inspections required by the operating units for the life of ownership. Other aircraft will likely require more extensive work at a depot facility.

In summary, corrosion problems are prevalent and they have and must continue to be dealt with at regular intervals.

Question. If the Air Force were induced to follow the congressional instructions on this issue, could the Guard establish contractor logistics support for the T-39's?

Answer. Yes. Six ANG C-12F aircraft are completely supported by contractor logistics support (CLS) at six different locations. Contractors provide spares support for four ANG C-22B and T-43 aircraft at two locations. CLS costs are based on quantity of aircraft and number of operating locations.

Question. What problems, if any, would this cause for the Guard?

Answer. None, provided funds were made available.

OPERATIONAL IMPACT ON ANG

Question. If Congress denies funds for the ill-conceived "rent-a-jet" scheme, and if the Air Force fails to comply with the clear direction from both Appropriations Committees of Congress concerning use of T-39's, what will be the operational and/or training impact on the Air National Guard?

Answer. Our only other alternative is to use organic aircraft with high flying costs to be the ECCM platform. Unless overall flying hours are increased (a highly unlikely event in this era of Gramm-Rudman-Hollings), overall training will deteriorate.

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NUMBER OF AIRCRAFT PROVIDED BY CONTRACTOR

Question. Under the contract approach and assuming your funding profile stated above, how many aircraft would be provided by a contractor?

Answer. Until responses to our proposals are received and the contract builds, absolute numbers of aircraft are difficult to predict.

"PRIVATE JETS"

Question. How likely is it that if the Air Force followed congressional direction about T-39 aircraft, these aircraft would be misused by state governors as "private jets"?

Answer. Not likely.

Question. Could the Guard put safeguards in place to prevent this from happening?

Answer. We already have a superior record of "policing our own". Our present system of monitoring should ensure proper use.

EQUIPMENT AND OTHER CONTRACTS

Question. Two of the major increases requested in this account for 1987 are $14,846,000 for All Other Equipment and $22,161,000 for Other Contracts. Please detail for the record the All Other Equipment and Other Contract requirements for 1987.

Answer. The All Other Equipment consists of (a) $12,492,000 for the purchase of data automation equipment to support the ANG FY 1987 portion of the Core Automated Maintenance System (CAMS) five year conversion plan, (b) $704,000 for replacement of the Honeywell Remote Job Entry Terminal (RJET) (punch card) accounting system equipment, and (C) $1,650,000 for equipment to support the ANG link with the active Air Force Phase IV computer system. The Other Contract requirements consist of (a) $19,389,000 for Federal contribution toward the Federal/State Operation and Maintenance Agreements due to the completion of military construction projects at 24 ANG installations, (b) $2,220,000 for contract services to provide simulator training for C-130 aircraft crews, and (c) $552,000 for contract services portion of the development of comprehensive civil engineer base master plans at Dallas ANGB, TX; Nashville ANGB, TN; Great Falls ANGB, MT; Moffett NAS, CA: and Fresno ANGB, CA.

CIVILIAN PERSONNEL WORKYEAR COST ADJUSTMENT

Question. In 1986 there is a $7,422,000 adjustment for a Civilian Personnel Workyear Cost Adjustment based on fiscal year 1985 experience. Precisely what does this workyear cost adjustment represent and how was it determined?

Answer. The adjustment includes $4.4 million for the proposed 5% civilian pay reduction which was not fully restored to the Air National Guard and $3.022 million for the increased cost of workyears in 1986 based on actual experience in 1985.

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FEDERAL/STATE COST SHARING FOR OPERATION AND MAINTENANCE AGREEMENTS

Question. A major program increase in 1987 is $19,389,000 for the federal contribution toward the federal/state operation and maintenance agreements due to the completion of military construction projects at 24 Air National Guard installations. What 24 installations are involved? What is the percentage of the federal contributions for each installation?

Answer:

[In percent]

Air National Guard installation:	*Federal contribution*
Tucson ANGB, AZ	85
Point Mugu NAS, CA	75
Jacksonville ANGB, FL	80
MacDill AFB, FL	75
Dobbins ANGB, GA	75
Hickam AFB, HI	80
Boise ANGB, ID	85
Chicago ANGB, IL	75
McConnell AFB, KS	85
Otis ANGB, MA	80
Jackson ANGB, MS	75
Gulfport ANGB, MS	75
Atlantic City ANGB, NJ	80
McGuire AFB, NJ	75
Kirtland AFB, NM	75
Stewart ANGB, NY	75
Portland ANGB, OR	80
Quonset Point ANGB, RI	75
McEntire ANGB, SC	75
Dallas ANGB, TX	75
Kelly AFB, TX	75
Fairchild AFB, WA	75
Truax ANGB, WI	75
Great Falls ANGB, MT	80

ACTIVE GUARD AND RESERVE/CIVILIAN TECHNICIANS

Question. In 1987, the total active Guard and Reserve end strength for the Air National Guard is 8,356, compared with a civilian technician end strength of 23,082. The respective increases for active Guard and Reserve and civilian technicians are 1,087 and 290. Thus, 1987 represents a continuation of the policy of very significant increases in AGR while civilian technicians are held basically constant. What are your five year forecasts for AGR's in the Air National Guard and the five year forecasts for civilian technicians?

Answer. The five year program associated with the FY87 budget is as follows:

	AGR	Technician
Fiscal year:		
1986	7,269	22,792
1987	8,356 (+1,087)	23,082 (+290)
1988	8,753 (+397)	23,193 (+111)
1989	8,874 (+121)	23,215 (+22)
1990	8,765 (−109)	23,208 (−7)
1991	8,757 (−8)	23,104 (−104)

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The NGB policy is to continue programming both technician and AGR. The specific mix depends on the nature and duties of the positions needed.

FULL-TIME SUPPORT

Question. In 1987, the Air Force is requesting an additional 487 enlisted personnel for Air National Guard direct unit support. These positions provide for military full-time active duty in support of direct unit requirements. In 1985 you had planned to increase enlisted ANG direct unit support by 717 personnel to a total of 3,769. However, you were only able to achieve approximately 50% of that increase, winding up with an end strength of 3,435. Why were you so far from your 1985 end strength target? What is your current 1986 strength and workyears to date?

Answer. Figures shown in the FY 85 column of the FY 86 President's Budget are in error. The enlisted column under direct unit support is actually the total for both officers and enlisted. Categories are as follows: See pages 80-83 of the FY 86 President's Budget.

	Officers	Enlisted	Total
Section 265	80	0	80
Section 678	0	11	11
Section 8033	6	0	6
Section 8496	37	0	37
USPFO	3	0	3
Recruiting and retention	8	523	531
Adm and support	100	178	278
ANG training	194	599	793
USAF mission support	45	621	666
PFTS and ranges	36	259	295
Direct unit support	495	3,274	3,769
Total	1,004	5,465	6,469

These figures tie to the total strength as shown on page 4 and the grades shown on page 5. Our actual enlisted strength was 3435 which was actually 161 higher than the programmed levels. This was possible because of shortfall in other budget categories, such as training.

During FY86 we were programmed to grow 495 enlisted personnel in Director Unit Support. At the end of March we had 3758 on board for a gain of 323.

Fiscal year 1985 actual	3,435
Fiscal year 1986 programmed	3,930
Growth	+495
Fiscal year 1985 actual	3,435
On board—March	3,758
Growth	+323

Through the first half of the fiscal year we actually gained 65% of the yearly growth and have utilized 3619 workyears against a programmed level of 3855.

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AIR NATIONAL GUARD UNDERGRADUATE PILOT NAVIGATOR TRAINING

Question. In fiscal year 1985, the Air Force National Guard had planned to train 302 officers in the Undergraduate Pilot and Navigator Training program. The actual program was only 240, missing the estimate by more than 20 percent. In addition, the current 1986 estimate has been revised downward and the 1987 estimate maintains the program at the lower 1986 level. What are the reasons for the lower participation that anticipated in the Undergraduate Pilot and Navigator Training program?

Answer. The difference from fiscal year 1985 planned to Fiscal Year 1985 actual participation in Undergraduate Flying Training (UFT) is due to increased accessions of prior service pilots and navigators into the ANG rated force which resulted in a reduced ANG participation in UFT program. Both fiscal year 1986 and fiscal year 1987 estimates have been revised downward to reflect the continuing level of prior service accessions and a reduced requirement for Undergraduate Navigator Training as many ANG fighter aircraft units convert from two-seat to single-seat aircraft.

UNIT CONVERSION TRAINING

Question. A dissimilar situation exists in Unit Conversion Training. The 1985 estimate had been for 94 participants at a total of $316,000. However, the actual 1985 experience was 301 participants at a cost of $1,702,000. What accounts for the much greater participation in 1985 for Unit Conversion Training than had been anticipated?

Answer. Increases from the fiscal year 1985 estimates to the fiscal year 1985 actual resulted from Air Force Mobile Training Teams (MTT) not being available to travel to ANG converting units to provide maintenance training. With this non-availability of Air Force traveling instructors, many ANG personnel were required to travel to other locations to receive training that normally would have been conducted at home station in other training status.

INCREASE IN TRAINING TIMES

Question. It is also noted that the average length of training has increased from 36 days for enlisted personnel in the original 1986 submission to 56 days. What are reasons for this change?

Answer. An increase in fiscal year 1986 school unit conversion tour lengths is attributed to the unprogramed C-5 conversion which resulted in an increased requirement for flight engineer and loadmaster training both of which require long schools.

Question. In the Special Training area, a number of subactivities experienced less participation in 1985 than was anticipated and that trend has continued into 1986 and 1987. For example, in the exercises subactivity, 8,312 participants had been estimated for 1985, whereas the actual was only 6,689. The 1986 estimate has been revised downward from 9,085 to 7,485. In the management support element, the 1985 actual figure was 5,433 compared with an estimate of 6,830, and the original 1986 estimate has been revised downward from 7,042 to 5,681. Concerning service mission/mission support, the 1985 actual was 9,196 compared with an esti-

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mate of 15,203, and the 1986 estimate has been revised downward to 9,309 from an earlier estimate of 14,275. In each instance there has been a commensurate dollar reduction. What accounts for the estimates in these three elements being overestimated in the past?

Answer. The Air National Guard had a policy change in fiscal year 1985 stressing annual training in lieu of special training. Each Guardsman is required to perform not less than 15 days active duty training annually in order to meet the requirement established by Section 502, Title 32, U.S.C. Annual training utilization in previous years has approximated only 93.8 percent of that authorized by law with the remaining percentage provided through special training resources. The ANG reprogramed special training resources into annual training in an effort to realign the annual training program more closely with the 15 day requirement. The realignment affected service mission support, management support and exercise participation.

ADMINISTRATION AND SUPPORT

Question. The total 1987 budget request for Administration and Support is $335,750,000 a $41,683,000 increase, or 14.2%, above the current 1986 estimate. Some of the major increases requested are $7,439,000 for United States Air Force Mission Support, which will accommodate an additional 228 workyears, and $1,120,000 for an additional 17 workyears for headquarters activities. Please provide the Committee with detailed justification to support these 1987 increases.

Answer. Growth in USAF Mission Support and Headquarters Activities is as follows. As the ANG assumes new missions growth is required at both unit level and the headquarters level.

USAF MISSION SUPPORT

[In thousands of dollars]

	End strength	W/Y's	Cost
ANG Alert Detachments	+153	+99	+3,967
During FY87 two new detached alert missions will be performed by the ANG and additional full-time crews will be assigned to existing alerts. The ANG will have nine alerts which are not colocated with their parent unit. These alerts require full time air crews and maintenance personnel			
Security Police	+248	+124	+3,317
Flightline security was programed to provide support at the following ANG locations: Fresno AGB, CA; Moffett Fld, CA; Van Nuys Apt, CA; Greater Wilmington Apt, DE; Greater Peoria Apt, IL; Martin Apt, MD; Atlantic City Muni Apt, NJ; Suffolk County Apt, NY; Westchester County Apt, NY; Byrd IAP, VA			
As the threat increases more full time security personnel are required to protect ANG assets			
ANG Linguist Unit	+5	+5	+155
This is a new unit to be located at Salt Lake City ANG Base, Utah. The actual mission of this unit is classified secret.			
Total USAF mission support	+406	+228	+7,439

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HEADQUARTERS ACTIVITIES

[In thousands of dollars]

	End strength	W/Y's	Cost
Officers:			
Position location:			
OSD (Reserve affairs)	+1	+1	+68
AF Auditor General at Norton AFB, CA	+1	+1	+68
AF Intelligence	+1	+1	+68
Ramstein Germany (Rotational)	+1	+1	+68
National Guard Bureau	+8	+4	+272
Total officers	+12	+8	+544
Purpose: Takes part in preparing and administering policies and regulations affecting reserve affairs. The primary function is to assist commanders in preparing, reviewing, and administering policies, plans, programs and regulations affecting the size, location, organization, distribution, training, mobilization, procurement, funding and equipping the Air Reserve Force.			
Enlisted:			
Position location:			
NGB/MP (Manpower Personnel Division)	+1	+1	+26
AFCC (Tactical Information Systems Division, Langley AFB, VA)	+1	+1	+2
Total enlisted	+2	+2	+52
Purpose: The primary function is to work directly with organizing administering, recruiting, instructing or training the Air Reserve Force.			
Prior year growth		+7	+524
At the end of FY 86 the ANG will have 137 personnel on board but because not every person will be hired on the first day of the fiscal year, an average strength of only 130 will be utilized. Since all 137 will be on board during FY87, an increase of 7 workyears is required to support the FY86 growth.			
Total headquarters activities		+17	+1,120

ADDITIONAL PERSONNEL

Question. In the Mission Support area, officers would increase by 178% in 1987 and enlisted personnel by more than 50%. Specifically address the need for these additional personnel.

Answer. Strength growth in USAF Mission Support is as follows:

	Officer	Enlisted	Total
Detached alerts	+79	+74	+153
Flight line security		+248	+248
Linguist unit	+1	+4	+5

Officer increase of 79 is driven by the addition of two new alerts and by the requirement to have aircrew members permanently assigned at the alert location. In FY87 the ANG will have nine alerts which are not located with their parent unit. For example, the F-4 unit at Selfridge AGB, Michigan has an alert located at Seymour Johnson AFB N.C. These detached alerts are currently manned with a limited number of enlisted maintenance personnel and one officer. Aircrew members are Guardsmen who rotate to the detached location in a manday status for limited tours of duty. Because of the full time mission and the remote location of the alerts, the ANG can no longer continue to operate without both full time

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maintenance and aircrew training. The other officer will be the commander of a new unit (Electronic Security Squadron) to be located in Utah. The actual mission of this unit is classified secret.

Enlisted increases support alerts, the new unit in Utah and flightline security. The ANG currently has full time weapons systems security (from 21 to 26 positions) personnel assigned to SAC (Strategic Air Command) and ADTAC (Air Defense Tactical Air Command) units. The increase of 248 is to support an additional ten high threat ANG bases. As the threat increases more full time security personnel are required to protect ANG assets.

C-141 STRATEGIC AIRLIFTS

Question. $12,320,000 is requested in 1987 for the C-141 Strategic Airlift. This is an increase of $10,310,000 above the 1986 current estimate. What is the exact nature of this requirement and where will the work be accomplished?

Answer. The increase identified for the C-141 Strategic Airlift reflects the full year's requirement for the conversion from C-130E's at Andrews AFB, Maryland during the fourth quarter of FY 1986. FY 1987 costs support 143 additional civilian workyears, an increase of 2,097 Air Force Reserve C-141 flying hours and six additional aircraft to be received during FY 1987.

C-5 STRATEGIC AIRLIFT

Question. In addition, $31,278,000, an increase of $12,603,000 above the 1986 estimate, is requested for a C-5 strategic airlift. Once again, what is the nature of this considerable increase and where will the work be accomplished?

Answer. C-5 Strategic Airlift costs increase due to a gain of five additional aircraft at Kelly AFB, Texas. By the end of FY 1987 the Kelly unit will have a total of ten C-5's as the unit steadily builds to its full complement of 15 aircraft in FY 1988. The additional FY 1987 costs support increases of 196 civilian workyears and 723 flying hours.

AERIAL PORT SUPPORT

Question. In the non-flying operations activity group, a 77% increase to a revised total of $4,178,000 is requested for Aerial Support. The justifications indicate that there will be a conversion of 98 aerial port active duty advisors to technicians. Please provide the Committee with additional details concerning this element, including the location and precise nature of the mission.

Answer. Within the Air Force Reserve (USAFR), there are 68 Aerial Port units whose wartime mission is to provide a rapid response of qualified trained personnel in direct support of Military Airlift Command's strategic and tactical airlift mission. They establish or augment cargo and troop handling capability at terminal locations worldwide. Included at 17 Mobile Aerial Port Squadrons which provide the capability to load and off-load tactical airlift aircraft under combat conditions. Reserve aerial ports are located in 29 states within the Continental United States, as well as in Hawaii and Guam. Some are located at active duty Air Force

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bases, some are on Reserve bases, and others are located away from any Air Force facility. These last include units at Treasure Island, California; Greenville, South Carolina; and Wyoming City, Pennsylvania.

The FY 1987 budget requests authorization for 9,323 reserve personnel. Training for these personnel is conducted throughout the year and includes monthly Unit Training Assemblies at home station as well as quarterly training at major MAC bases. They also perform annual training with MAC units and participate in exercises worldwide.

Due to the many different training requirements and the necessity for frequent coordination with active duty forces, each unit requires a complement of full-time personnel. The full-time personnel provide training to the reservists and perform management and administrative functions in preparation for upcoming training.

The full-time functions were performed in the past by active duty advisory at each unit. In 1985, there were 126 active duty advisors authorized. Sixty-eight of these were technical advisors from Military Airlift Command (MAC) and were stationed, one each, at USAFR aerial port units to provide direct training and coordination with the active duty community. The remaining 58 active duty advisors were assigned directly to the Air Force Reserve. Nineteen were located at active duty units to coordinate onsite training for all USAFR forces. The remaining 39 active duty advisors were assigned to provide administrative support at each geographic location (i.e. the 68 units are located at a total of 39 locations).

As a result of active duty end strength reductions, the FY 1986 President's Budget deleted the 68 MAC advisors stationed at each unit. To ensure continuity of training, 59 of these positions were authorized to be converted to Air Reserve Technician (ART) positions effective FY 1987.

During preparation of the FY 1987 budget, it was concluded that an all-ART force would provide more effective management than a mixed active duty/ART force and the 39 geographically situated advisors will be converted to ART positions effective FY 1987. Consequently, the active duty end strength authorized for Air Force Reserve aerial port units decreased from 126 in 1985 to 19 in 1987, for a net loss of 107 advisors. The 19 remaining active duty positions represent the active duty coordinators stationed at MAC active duty locations worldwide. Concurrently, the number of technicians authorized was increased from 14 to 112, for a net gain of 98.

The Air Force Reserve provides 47% of MAC's wartime aerial port capability. To ensure that the reserve personnel are fully trained and capable of wartime deployment, it is essential that the full-time training and management staff be provided.

AIRCRAFT SECURITY

Question. The justifications indicate that an additional $1,067,000 is requested for aircraft security at Air Force Reserve bases. Does this security involve the placement of personnel on the flight line on an around-the-clock basis to protect aircraft at reserve bases? How many additional personnel does this represent?

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Answer. Minimum Air Force requirements stipulate a 4-man response team operating 24 hours per day, seven days per week. Additional personnel required are three authorizations per team with six teams per base, yielding 18 authorizations per base. The fourth man on each team will come from existing resources. Seventy-seven additional personnel are required in FY 1987 increasing to 144 in FY 1988 and the out-years.

SECURITY AT AF RESERVE BASES

Question. Will the additional security be provided at all eleven Air Force Reserve bases?

Answer. Yes. Funding was received in the FY 1982 President's Budget for three high threat bases (54 authorizations). The FY 1987 President's Budget requests approximately the first half of the full security requirement for the remaining eight Reserve bases.

AF RESERVE SECURITY REVIEW

Question. In light of the current climate concerning terrorism here and abroad, is the Air Force Reserve reviewing this requirement?

Answer. Yes, and these requests satisfy minimum aircraft security requirements at all AFRES bases. Aircraft security at tenant locations are also programmed with aircraft movements and acquisitions. Locations with associate units utilize host base security and aircraft security assets.

SUPPLIES AND MATERIALS

Question. The 1987 request for Supplies and Materials for the Operation and Maintenance, Air Force Reserve account is $213,116,000. This is an increase of 12% above the $189,660,000 current estimate for 1986 and a 78% increase above the 1985 actual amount of $129,698,000. Why have we seen such a phenomenal increase in the Supplies and Materials object classification in the past two years? Precisely how will the increased funds requested for 1987 be utilized?

Answer. The Supplies and Materials portion of the Operation and Maintenance, Air Force Reserve account reflects a substantial increase from the FY 1985 actual amount to the FY 1987 request for two primary reasons:

a. The majority of supplies and materials funds purchase fuel and aircraft spare parts that directly support the Air Force Reserve's flying hour program. As the flying hour program increases, fuel and spare parts requirements increase correspondingly. Flying hours increased from 140,158 in FY 1985 to 151,381 in FY 1987.

b. FY 1985 and FY 1986 supplies and materials requirements have been reduced to reflect Congressionally directed fuel and non-fuel Air Force Stock Fund refunds to the customer accounts. FY 1985 includes a POL (fuel) refund of $64.0 million and the FY 1986 refunds for fuel and non-fuel is $14.4 million. Since FY 1987 re-

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flects no refunds of this nature, the comparison between the three fiscal years is greatly distorted.

[CLERK'S NOTE.—End of questions submitted for the record.]

Mr. CHAPPELL. Thank you, gentlemen. We appreciate your good work.

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TUESDAY, APRIL 22, 1986.

NAVAL RESERVE AND MARINE CORPS RESERVE

WITNESSES

VICE ADMIRAL CECIL J. KEMPF, USN, CHIEF OF NAVAL RESERVE

MAJOR GENERAL LOUIS H. BUEHL, III, USMC, DEPUTY CHIEF OF STAFF FOR RESERVE AFFAIRS, HEADQUARTERS, UNITED STATES MARINE CORPS

INTRODUCTION

Mr. CHAPPELL. Now we will call Vice Admiral Kempf and Major General Buehl.

Admiral Kempf and General Buehl, we welcome you to the Committee today. Your complete statement will be placed in the record at this point. We ask you to summarize and we will then ask you some questions.

NAVAL RESERVE

Admiral KEMPF. Mr. Chairman, in the interest of saving the time that you have, I would just like to state that it is my pleasure to be here and to acknowledge the good work that this Committee has done in providing the Naval Reserve with funds in the past to do a lot of things that we could never have done without the help of this Committee. We appreciate it.

We are continuing to modernize the Naval Reserve, and increasing the number of Selected Reservists. Today, they are more ready than ever. We are also expanding our cadre of full-time support people to support our program.

We are implementing new training programs, adding new missions, and refining the ones we have. We have a Naval Reserve, today, that can do the job when called upon. I am ready to answer any specific questions.

[The statement of Admiral Kempf follows:]

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HOUSE APPROPRIATIONS COMMITTEE

STATEMENT OF
VICE ADMIRAL CECIL J. KEMPF, USN
DIRECTOR OF NAVAL RESERVE
BEFORE THE
DEFENSE SUBCOMMITTEE
OF THE
HOUSE APPROPRIATIONS COMMITTEE
ON NAVAL RESERVE APPROPRIATIONS
FOR FISCAL YEAR 1987
APRIL 22, 1986

NOT FOR PUBLICATION
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HOUSE APPROPRIATIONS COMMITTEE

VICE ADMIRAL CECIL JOSEPH KEMPF, U. S. NAVY

Vice Admiral Cecil J. Kempf, USN is the son of the late Mr. and Mrs. John J. Kempf of Kilgore, Texas. He was born on 20 November 1927.

Vice Admiral Kempf began his naval career in May 1946 as a Naval Aviation Cadet (V-5 Program). That same year he received an appointment to the U.S. Naval Academy. He was graduated "with distinction" and commissioned an ensign in the U.S. Navy in June 1950.

Upon being designated a naval aviator in November 1951, Vice Admiral Kempf served with several aircraft squadrons for the first 20 years of his career. His significant sea tours include Commanding Officer of Air Antisubmarine Squadron 31, Commander Carrier Antisubmarine Air Group 60, Commanding Officer of USS DUBUQUE (LPD 8), and Commanding Officer of USS TRIPOLI (LPH 10).

Vice Admiral Kempf holds a Master of Science degree in Aeronautical Engineering from Massachusetts Institute of Technology. Several of his shore tours have been involved with research and development, including development of the Navy's S-3A carrier-based antisubmarine aircraft. He served as S-3A Deputy Project Manager in the Naval Air Systems Command and later as S-3A Program Coordinator for the Chief of Naval Operations.

Vice Admiral Kempf was promoted to flag officer and assumed duties as Commander, Antisubmarine Warfare Wing, U.S. Pacific Fleet in March 1976. In September 1978 he reported to the Deputy Chief of Naval Operations (Air Warfare) as Director, Aviation Programs Division. In June 1979 he became Vice Commander of Naval Air Systems Command, and in July 1981 he assumed duties as Assistant Deputy Chief of Naval Operations (Air Warfare). On 2 December 1983 Vice Admiral Kempf became Commander, Naval Reserve Force and Chief of Naval Reserve, with additional duty as Director of Naval Reserve in the Office of the Chief of Naval Operations. He was promoted to Vice Admiral in this job on 22 November 1985.

Among his service awards and military decorations, Vice Admiral Kempf wears the Legion of Merit. He is married to the former Theodosia Ann Suman of Lanham, Maryland. They reside at 88 Westover Avenue, Bolling Air Force Base, in Washington, DC. They have three grown children.

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Mr. Chairman and Members of the Committee:

It is my pleasure to appear before you today to report the progress we have achieved in the Naval Reserve and to present our program for Fiscal Year 1987. Congress has made a substantial investment in the Naval Reserve during recent years. You should know how we have implemented that investment. I believe we have earned a return well worth your trust. Let me discuss for you how far the Naval Reserve has come and where we are going.

THE NAVAL RESERVE IN THE MARITIME STRATEGY

The Secretary of the Navy and the Chief of Naval Operations have both articulated, in some detail, our Maritime Strategy and its role in meeting our National Military Strategy. As they have indicated, the Navy not only has a crucial role in meeting wartime requirements of the National Strategy, it is the service most often called to respond to contingencies short of war. As Admiral Watkins has said, we now live in an era of "violent peace." As a direct result of world events associated with this violent peace, the Navy has been required to perform at unusually high levels of peacetime operations. This high tempo of operation has compounded the demands on Navy personnel and equipment which are associated with forward deployment--a keystone of our Maritime Strategy.

The Naval Reserve also has a wartime and peacetime role. Our mission, simply stated, is to provide trained units and qualified individuals for active duty in time of war or national emergency and at such other times as required by the President to perform specified operational missions. In peacetime, we train to ensure that each unit and every individual is ready when called to assist the Navy, when practicable, in performance of its peacetime mission.

The Naval Reserve is integrated fully into the Navy's force structure and plans for fulfilling the Maritime Strategy. Our contribution continues to expand as the size and capability of the Naval Reserve increases, but there are finite limits on how many Naval Reservists we can attract and retain and how large a portion of the Navy's force structure can or should be in the Naval Reserve. These limitations are, in large part, determined by forces outside the Navy, such as demographics and the National Command Authority's force level requirements to meet peacetime commitments. However, the Navy is committed to strengthening the Naval Reserve as rapidly as feasible and expanding the Reserve portion of our total force as much as is prudent. Our progress to date and our program for the future underscore these commitments.

Selected Reserve Strength

I am pleased to report continued increases in drilling Selected Reserve strength. These Selected Reservists, almost 111,000 at the end of Fiscal Year 1985, are the core of the Naval Reserve program. They are the Navy's primary

NAVAL SELECTED RESERVE STRENGTH
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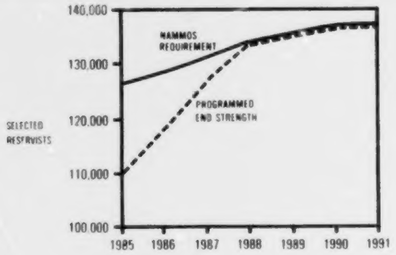

	85	86	87	88	89	90	91
NAMMOS	126,100	128,593	130,518	133,603	135,137	136,593	136,738
JAN 86 ONFYDP	110,989	118,209	127,328	133,603	135,137	136,593	136,738

NOTE REQUIREMENTS AND END STRENGTH INCLUDE CATEGORY "A" AND "Q" DRILLING RESERVE ONLY
EXCLUDES PERSONNEL ON INITIAL ACDUTRA, IRR, IMA D AND FULL TIME SUPPORT PERSONNEL

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source of immediate mobilization manpower. We expect the number of these Selected Reservists to grow to more than 118,000 by the end of Fiscal Year 1986, to more than 127,000 by the end of Fiscal Year 1987, and to almost 137,000 in the early 1990'S.

The requirement for Selected Reservists, and all other manpower for mobilization, is determined by the Navy's Manpower Mobilization System (NAMMOS), based on the analyses of the fleet commanders-in-chief and other major commands' demands for manpower. Selected Reserve strength is programmed to meet NAMMOS requirements shown in the graph above by the end of Fiscal Year 1988, on the assumption that the requested personnel incentives are approved and funded.

We met the dual challenges of recruiting and retention last year. Congress authorized an average strength of 124,100 total Reservists in a paid status in Fiscal Year 1985. We achieved an average strength of 123,762 and reached an end strength of 129,832. Within that total end strength, the Naval Reserve had 15,012 Reservists on full-time active duty, compared to the authorized ceiling of 15,210.

In Fiscal Year 1986, the authorized minimum average strength for Naval Reservists in a paid status and end strength for full-time active duty Reserve personnel are 134,212 and 19,010, respectively. We are confident of our ability to achieve these goals.

Our request for Fiscal Year 1987 is for an average strength for personnel in a paid status of 147,500, and for an end strength of 23,197 full-time active duty Reservists. Training and Administration of the Reserve (TAR) personnel and "Section 265" officers account for 21,647 of this end-strength; the remaining 1,550 are Reserve recruiters on Temporary Active Duty (TEMAC).

SUMMARY OF PERSONNEL IN PAID STATUS

	FY 1985		FY 1986		FY 1987	
	AVG STR	END STR	AVG STR	END STR	AVG STR	END STR
DRILLING SELECTED RESERVISTS	105,334	110,989	112,584	118,209	121,392	127,328
FULL-TIME SUPPORT (FTS) PERSONNEL	14,297	15,012 (TAR ONLY)	17,464	19,010	21,025	23,197
TOTAL SELECTED RESERVE	123,762	129,832	134,508	142,153	147,500	155,700

PERSONNEL IN TRAINING CATEGORIES D, F, U, ARE NOT SHOWN SEPARATELY BUT ARE INCLUDED IN TOTAL

In Fiscal Year 1985, Naval Reserve personnel on full-time active duty were exclusively those in the Training and Administration of the Reserve (TAR) Program and included a small number of recalled Selected Reserve officers. Beginning in Fiscal Year 1986, personnel on Temporary Active Duty (TEMAC) in support of the Naval Reserve are counted in Reserve full-time support.

The drilling Selected Reserve is programmed to increase by 9,119 between the ends of Fiscal Years 1986 and 1987. These personnel are necessary for the Naval Reserve to fulfull its expanding role, particularly to man new ships and aircraft, and to provide personnel in such mission areas as Maritime Defense Zones, mine countermeasures and medical support.

Growth of full-time active duty Reservists - 4,187 from Fiscal Year 1986 - is necessary for several reasons. The number of Selected Reservists, who require training and administration, continues to grow. Programs such as new ships, aircraft, and maintenance activities place greater demands for these personnel. It should be noted that there is an increased demand for recruiters to build a larger Reserve force and replace its attrition. This year's program growth is somewhat exaggerated because of the 500 congressional cut in Fiscal Year 1986.

The Navy men and women we call TAR's are unique in the Armed Forces. They are Reservists on full-time active duty whose job it is to administer and train our drilling Reservists. More importantly, they are career military who are in most cases indistinguishable from their regular component colleagues. TAR's experience the usual Navy permanent change of station (PCS) moves, are on call seven days a week, and perform the same tasks as their regular Navy counterparts. In fact, at any given time, approximately one out of five TAR officers is serving with a regular component activity. Naval Reserve ships--manned predominantly by Reservists--are programmed to be operated at about 75 percent of the rate of

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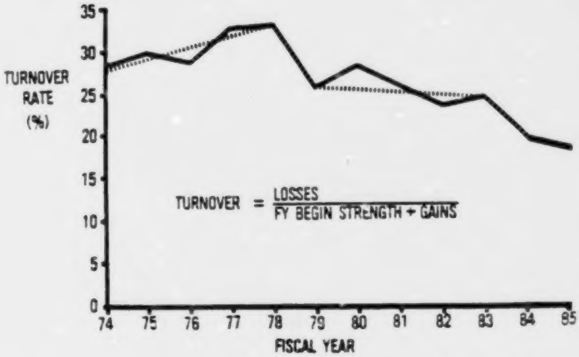
active force ships that are not deployed. TAR's in our aircraft squadrons receive virtually the same training and meet the same standards as active force personnel, operate from coast to coast, deploy briefly aboard carriers, and--in the case of patrol and transport squadrons--deploy for short periods overseas to fly operational missions for the Navy.

Our expanding Selected Reserve, together with the introduction of state-of-the-art ships and aircraft, mandate that we attract and keep qualified TAR personnel. Incentives such as the Selective Reenlistment Bonus (SRB) for Reservists on full-time active duty in support of the Reserve components will help determine whether we succeed in attracting and retaining the necessary personnel.

We continue to see improvement in the enlisted Selected Reserve turnover rate. During the past year we lowered our previously best turnover rate by .4 percent to 18.7 percent. Turnover rate is calculated as losses divided by the sum of beginning inventory plus gains (for a fiscal year). The chief benefit of a low turnover rate is the stability gained by the force. Consequently, fewer new accessions and less initial active duty training are required to meet target strength increases. On the following chart, the dotted lines indicate the unfavorable trends of the late 1970's as well as the very positive direction of the 1980's.

ENLISTED SELRES
HISTORICAL TURNOVER RATES



Retention of our Selected Reservists is an item of very serious concern. Of particular importance is keeping our members assigned to high-priority units. For example, a Naval Reserve ship is usually underway each drill weekend, including Friday nights, and most of the annual two-week training period. Except for a fifth paid weekend drill, Selected Reserve crewmembers receive no additional incentive for remaining around the clock in an at-sea environment. Other Reservists receive the same pay and drill credit, but usually enjoy free time after normal working hours to be with their families and friends. It is understandably difficult to rely strictly on pride and professionalism to man such units, and I believe the other Reserve components are in a similar quandry.

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The legislative proposal for unit incentive pay of $10.00 per drill would go a long way towards relieving this dilemma. I urge you to consider this request favorably. A modest $50.00 more for each drill weekend, $600.00 per year maximum, would give these Reservists not only a monetary incentive but also a clear recognition that they are contributing more.

Readiness Improvements

Naval Reserve Force readiness has continued to show an overall improvement over the past year. Because of the accelerated transition and modernization program, many of our units must report reduced readiness while awaiting new equipment, training flight crews, and performing modifications to existing aircraft. Naturally, this lowers the overall readiness of our commissioned units but is necessary to improve our capability. Improvements in recruiting, training, and retention have helped to increase the manning of our non-hardware reinforcing and sustaining units that will augment active forces upon mobilization.

Aviation units are benefiting from the force modernization efforts with increased capabilities of state-of-the-art aircraft and weapons systems. Squadrons outfitted with fleet-compatible aircraft are mobilization-ready assets available to fleet commanders. I am confident that existing and proposed aviation modernization programs will enable us to continue our progress in aircraft squadron and wing readiness.

The readiness status of ships assigned to the Naval Reserve continues to increase. The measured steps we have taken to improve manning aboard our ships and to enhance training are beginning to show encouraging results. Readiness reported by fleet commanders has continued to increase for Naval Reserve ships over last year's average. This improvement is particularly noteworthy since it has occurred while our frigate fleet is expanding. Although the total number of ships decreased by two during FY-85, the number of modern FFGs continued to increase. There has been a generally improving trend in ship readiness.

The other commissioned units of the Naval Surface Reserve Force are also reporting increased readiness. Over the past year a combination of more equipment and mobilization-oriented training opportunities has produced a four percent improvement in the top categories of overall readiness for Reserve Naval Construction Battalions, Inshore Undersea Warfare Units, Cargo Handling Battalions, and Special Boat Units.

Our more than 2700 reinforcing and sustaining units are reporting better manning, an increase of four percent during Fiscal Year 1985. This increase is, primarily, the result of better recruiting and increased emphasis on retention. Overall readiness of these units has taken a temporary dip during 1985. The reasons for the decline were a reevaluation of unit training goals and an increase in total personnel, with new affiliates being untrained.

Equipment Modernization

The Navy is embarked on an ambitious program to modernize the Naval Reserve. Secretary Lehman captured the essence of this effort in 1982 when he first described the new policy as "Horizontal Integration" of equipment. His Fiscal Year 1987 posture statement details this policy:

> "To execute this common sense policy, the Reserves must have equipment comparable with the active forces. For instance, instead of providing the Reserves only such equipment as becomes obsolete and is removed from the active force, there must be a spectrum of new and old equipment reflected in the Reserves parallel to and in the same proportion as that in the active force."

Naval Surface Reserve

Secretary Lehman has indicated that the Naval Reserve Force will be an essential part of the 600 ship Navy. By the early nineties more than 50 Naval Reserve ships will be available for immediate deployment with the fleet. This year, we will add four more PERRY class FFG-7s to the Naval Reserve Force, bringing our frigate total to 15. Three more FFG-7s and one FF-1052 in Fiscal Year 1987 will bring us to a total of 19 in our ambitious program to assign 26 modern frigates to the Naval Reserve Force by 1990. This year, we established three Craft of Opportunity Program (COOP) units, for a total of nine, with five more programmed for Fiscal Year 1987. We are also adding three salvage ships to the Naval Reserve this year. We have commissioned one more Mobile Inshore Undersea Warfare unit and will add two more in FY-87 for a total of 20 units.

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Today, the Naval Reserve contains 85% of the Navy's Minesweeper (MSO) capability. Beginning in Fiscal Year 1988, three new "Avenger" class Mine Countermeasures ship (MCM) will join the Naval Reserve Force, followed by a surface-effects MSH class in Fiscal Year 1989. These new-construction ships will be assigned to the Naval Reserve after each operates as part of the active force component for one year.

Naval Air Reserve

Nowhere in the Naval Reserve are horizontal integration and modernization efforts more evident than in the Naval Air Reserve. Our first Reserve F/A-18 squadron at NAS Lemoore, California received its initial increment of aircraft in October 1985, and a second squadron will begin transition late this year. Two of our light attack squadrons have transitioned from A-7B to A-7E aircraft and the other two will transition by September 1986.

Of our four fighter squadrons, the two San Diego-based ones have F-14's and the two Dallas squadrons will begin transition to the F-14 late this year. It is noteworthy that the accelerated transition of these last two Reserve F-14 squadrons was made possible by a Congressional addition of $68 million to the FY-85 Budget for the remanufacture and upgrade of 25 pre-production and early production F-14 aircraft to present fleet configuration. Congressional addition of five A-6E aircraft in the FY-86 Budget has also opened the door for establishment of medium attack capability in the Naval Air Reserve. Two of our light attack squadrons will convert from A-7E's to A-6E's, one in 1989 and the other in 1990. These squadrons will also receive KA-6D tanker aircraft, permitting the disestablishment of our two existing tanker squadrons now flying KA-3B aircraft, which face service life expiration.

Both of our Airborne Early Warning (AEW) squadrons will have transitioned to E-2C's by the end of this year. With the programmed transition of our two EA-6A squadrons to EA-6B aircraft, starting in 1990, the modernization of our carrier air wings will be complete.

One of the combat-ready Reserve air wings will provide the Navy with a carrier air wing for the 15th Carrier Battle Group, ready to deploy upon mobilization. The other mobilized air wing would board the 16th carrier when it was extracted from the Service Life Extension Program (SLEP).

The Naval Reserve retired the last of its C-118 aircraft in 1985. We also purchased three more used DC-9 aircraft that year, bringing the total Naval Reserve inventory to 27 C-9B/DC-9 aircraft. Past studies have shown a requirement for approximately 37 jet transport aircraft to support 12 battle groups and a new study is underway to determine aircraft requirements to support the Navy's 15 battle groups. The results of that study are expected in March 1986.

By the end of Fiscal Year 1986, our Maritime Patrol Air capability will be enhanced markedly through the completion of the TACNAVMOD program for our Naval Reserve P-3A/B aircraft. We plan to stand up a second Master Augment Unit (MAU) to train crews in fleet model P-3C's for augmentation of active force squadrons upon mobilization. Additionally, in 1988 we begin the transition of the first P-3C Reserve squadron with the six P-3C Update III aircraft authorized and funded in the Fiscal Year 1986 Budget.

We have also made great strides in our rotary wing aircraft communities. In October 1985, we completed the transition of our third and final LAMPS MK I squadron with the commissioning of HSL-94 at Willow Grove, Pennsylvania. Also, to fulfill fleet requirements we plan to consolidate our two Naval Reserve attack helicopter squadrons and the Navy's one and only Combat Search and Rescue (CSAR) squadron to form two Helicopter Combat Support Special (HCS) squadrons, one on each coast. These squadrons will provide helicopter augmentation to Navy Special Warfare Units as well as CSAR capability for the fleet. A new, all-marinized aircraft to support the HCS mission has been defined and Navy will soon request proposals from industry to obtain the most effective aircraft possible at a reasonable price. Funding for this program, so far, is limited to the $37 million added by Congress to Fiscal Years 1985 and 1986.

In 1987, Naval Reserve assumes a new mission with the stand-up of the first of two Reserve Airborne Mine Countermeasures (AMCM) helicopter squadrons, flying the RH-53D. The second squadron wirmed in 1989. These squadrons will sited on opposite coasts to enhance responsiveness. To increase their effectiveness further, we are looking at Mobile Support Vans for these squadrons which would increase their mobility, supportability and sustainability.

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Training

The primary mission of the Naval Reserve is training to maintain mobilization readiness. The Naval Reserve operates 258 training sites, ranging from small Reserve centers to major air stations which become fleet operational bases upon mobilization.

The 234 Reserve Centers nationwide provide training for the more than 2,000 reinforcing and sustaining units in the Naval Surface Reserve Force. Thirty-five of these Reserve Centers bring the ship to the sailor with the Shipboard Simulator (SBS). There are also 44 centers equipped with damage control trainers (DCTs). Plans call for a total of 73 DCT's.

The Naval Reserve brings Selected Reservists to their gaining commands or to centralized training sites to receive cost-effective, "hands-on" training which would not be available at their Reserve centers. Fifty-four Reserve centers are being re-designated "Readiness Centers" to coordinate and schedule this hands-on training for Reservists in specific geographic areas as well as provide intermediate skill training, a level between local Reserve Center training and that available at gaining commands and fleet facilities. Establishing Readiness Centers is key to building the Surface Reserve without constructing additional Reserve Centers. Inactive Duty Training Travel (IDTT) funds (formerly WET) will support training at the gaining command, active training facility, or at Readiness Centers.

Our Surface Reserve training strategy took a major step forward with the integration of the Naval Reserve into the Navy Training Plan (NTP) process, allowing the identification of Reserve training requirements.

Formal training at Fleet Training Centers on weekends commenced 1 October 1985 with the support of active and Selected Reserve instructors. The total effort will be in place in Fiscal Year 1987 with the assignment of TAR instructors to Fleet Training Centers to support 44,000 weekend student quotas.

The Automated Billet Qualification Tracking System (ABQTS), which tracks an individual's progress in qualifying for a Reserve billet, is progressing well. A pilot program for the system is in place at all Shore Intermediate Maintenance Activities (SIMA's). We expect full implementation, nationwide, in Fiscal Year 1987.

In order to strengthen instructor capability at Reserve activities, we have developed a formal exportable training program which will transport the instructor from the active training site, gaining command or large Reserve activity to remote sites in order to complement local instructor capability. Pilot programs began in 1985 for shipboard units, SIMA's and Cargo Handling Battalions.

To augment local instructor capability further, a formal contract instructor program will provide training not available or economical within our own system. We will take advantage of VOTECH, trade school, junior college and contractor specialized training, such as the Shop Qualification Improvement Program (SQIP) and hospitalman VOTECH program.

We have produced the first Navy Training Plan for Reserve Inshore Undersea Warfare units. It accurately identifies the training support requirements for that program. NTP's for the remaining 30 programs will follow over the next three years.

Navy Enlisted Classification (NEC) attainment methods for Naval Reservists are also progressing well. Methods include modularization of short NEC advanced schools, development of appropriate VOTECH programs, and identification of civilian equivalent experience and training.

We are improving on-board Naval Reserve instruction through the development of Qualification Study Packages (QSP's) to support Personnel Qualification Standards requirements, by interactive video to provide computer-capable instruction that will support curricula with small student populations, and through conversion of existing Navy curricula to weekend formats.

The Naval Air Reserve, in addition to providing combat ready hardware units for mobilization, must also provide trained aircrews and maintenance personnel to fleet squadrons upon mobilization to fill wartime allowances for those squadrons. For aircrew personnel alone, this commitment requires training for more than 800 pilots and aircrewmen in most of the Navy's aircraft communities.

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Until 1984, we attempted to train these personnel in our Reserve squadrons, but we could neither accommodate sufficient personnel nor train them in fleet-compatible equipment. In 1984, we established Squadron Augment Units (SAU's) in Fleet Replacement squadrons to train these personnel in fleet-compatible aircraft. We also have a Master Augment Unit (MAU) at NAS Brunswick, Maine, flying P-3C aircraft on loan from the active force. In 1985, we expanded this concept to fly our SAU and MAU aircrews in the fleet squadrons to which they will mobilize.

We are most pleased with the progress of this program. We now have SAU's flying F-14A, A-6E, E-2C, S-3A and SH-3H aircraft. Soon, another SAU will begin flying C-2A aircraft in VRC-40 at Norfolk. In Fiscal Year 1987 we plan to commence SAU training in our F/A-18 aircraft at NAS Lemoore, California.

Overall, the quality and availability of training are showing significant improvement. The increases in individual skill levels for our reinforcing units are direct additions to the warfighting ability of the fleet upon mobilization. Gains in these key areas enhance the support the Naval Reserve provides every day to Navy active force units as a by-product of mobilization training.

INTEGRATION WITH THE ACTIVE FORCE

A major strength of the Naval Reserve is the degree of integration with the Navy's active force.

The Navy's Total Force advocate reviews contingency plans to determine which mission areas, and to what degree, should be in the active or Reserve component. The Navy's Manpower Mobilization System (NAMMOS) determines the full spectrum of mobilization manpower requirements, including the Selected Reserve. More than any other service, the Navy depends on Reservists to augment active force units upon mobilization. Reservists and Regulars train together to meet the same readiness criteria. This unique degree of integration has evolved into a healthy interdependence.

Mutual Support

"Mutual support" describes those Naval Reserve training evolutions which also provide direct assistance to active duty units in the performance of their peacetime mission. This mutual support encompasses almost all mission areas and is a preferred method of training, since tasks performed during peacetime are similar to those expected at the outbreak of hostilities. Perhaps equally important is that our Reservists take real satisfaction in training duty which they know makes a meaningful contribution to the Navy.

A few examples of the mutual support provided during Fiscal Year 1985 are as follows:

- Reserve aviators performed the entire fleet heavy logistics support effort within the Continental United States (CONUS), flying almost 22,000 flight hours.
- Surface Force Naval Reservists provided over 105,000 mandays of fleet exercise support.
- 3,600 mandays were dedicated to Naval Reserve ships BLAKELY, VALDEZ, and PATTERSON for Central America presence operations.
- Naval Reserve Construction Forces provided more than 21,000 mandays of mutual support to active Navy and Marine Corps commands.
- Reserve Composite Squadrons (VC) provided over 5,000 hours of services to fleet units participating in Dissimilar Air Combat Training (DACT), acting as target aircraft for air intercept training and radar tracking exercises, and performing the aggressor role in fleet exercises.
- Naval Reserve Security Group units continued support of the national cryptologic effort through 36,000 mandays of participation in project CLASSIC BUOYANT.
- Eleven Reserve Patrol (VP) Squadrons provided 44 weeks of fleet support at Lajes, Azores, and Misawa, Japan.
- Reserve Squadrons flew more than 640 flight hours of surveillance sorties in support of Vice President Bush's drug interdiction program.

Significantly, USS PRESERVER (ARS-8), a Naval Reserve ship, is the primary surface salvage vessel at the scene of the space Challenger explosion. Reserve crewmembers and divers are participating in recovery operations. Farther south, Naval Reserve ships and squadrons are involved with Navy, Air Force, and Coast Guard units in drug interdiction missions.

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Total Force Report to Congress

Recently, the Navy submitted the third of its annual reports to Congress on the Navy's Total Force. This report emphasized the progress made in the growth, modernization and integration of the Naval Reserve into the Navy's force structure. The report also highlighted Reserve planned medical manning of fleet hospitals and deployable medical systems. It stressed the Naval Reserve's expanding role in mine warfare and renewed the Navy's commitment to assign all appropriate missions to the Naval Reserve, as well as provide the training and modern equipment necessary for the Reserve to do its job.

NAVAL RESERVE FUNDING REQUEST

The Naval Reserve is provided essential support by two appropriations: Reserve personnel, Navy (RPN) and Operation and Maintenance, Navy Reserve (O&MNR).

The President's Budget also requests over $132 million in the Aircraft Procurement, Navy (APN) appropriation to be used for necessary modifications to Naval Reserve aircraft, plus more than $34 million in the Other Procurement, Navy (OPN) appropriation. The OPN funds are earmarked for various support and training equipments for the cryptological program, construction battalions, special warfare units, and cargo handling battalions. Further, the Military Construction, Naval Reserve (MCNR) Appropriation request of $44.5 million will provide much needed design and facilities construction for the Naval and Marine Corps Reserve.

In Fiscal Year 1987, the total funding support requested for the Naval Reserve exceeds 2.7 billion dollars.

I would like to discuss the Reserve Personnel, Navy and Operation and Maintenance, Navy Reserve appropriations in some detail.

Reserve Personnel, Navy

The Reserve Personnel, Navy (RPN) appropriation is divided into two budget activities. Budget Activity One provides funding for Unit and Individual Training. Budget Activity Two funds Other Training and Support, including active duty TAR personnel, the Naval Reserve Officer Training Corps, Armed Forces Health Professions Scholarship Program, and the Navy Junior Reserve Officer Training Corps. The total Fiscal Year 1987 RPN request is for $1,527.6 million, which consists of $722.0 million for Budget Activity One and $805.6 million for Budget Activity Two. This is an increase of $178.4 million over Fiscal Year 1986. Approximately $155.2 million reflects average strength growth toward NAMMOS attainment in drilling and full-time support categories. The remaining increase is the result of Social Security rate escalation, more NROTC training, and other training support costs.

The funding request will support an average strength of 147,500 Naval Reservists in a paid status, including a full-time support end-strength of 23,197. Included in the full-time support strength, are 1,550 Temporary Active Duty (TEMAC) personnel who embody the total Naval Reserve recruiting effort.

The average strength of the drilling Reserve and those performing initial active duty training will increase by 9,340 to 126,078. The average strength of full-time support personnel will increase by 3,561 to 21,025, including the TEMAC program. For the first time, the Fiscal Year 1987 Budget Request includes funding for a one day recall of all members of the Individual Ready Reserve (IRR). This screening process will enable the services to evaluate the availability and readiness of this major source of trained personnel. The $11.3 million requested for reserve incentives includes very selective implementation of a new prior service enlistment bonus, as well as revised payment levels for reenlistment, affiliation and the restructured IRR bonuses, all of which were authorized by the Fiscal Year 1986 Authorization Act.

The requested increases will allow the Naval Reserve to comply with Congressional guidance to increase Reserve Manning for Naval Reserve ships and to continue our growth in Selected Reserve strength to meet mobilization requirements.

Operation and Maintenance, Navy Reserve

The other major appropriation which supports the Naval Reserve is Operation and Maintenance, Navy Reserve (O&MNR).

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The Naval Reserve is dependent upon funds in this appropriation for support of Mission Forces, Depot Maintenance, and Other Support. Support for Mission Forces includes funds for fuel, intermediate maintenance, repair parts and related support for the operation of aircraft in both the Naval and Marine Corps Reserve. It also includes operating, maintenance and support funds for Naval Reserve ships, as well as funds for Reserve Construction Battalions, Cargo Handling Battalions, Mobile Inshore Undersea Warfare units, Special Combat Support Forces, and other Surface programs. Depot Maintenance includes funds for the rework of aircraft and engines, the installation of aircraft modifications and Contractor Engineering Technical Services support. The other Support category provides funding to operate and maintain Air Stations, Reserve Centers, and Reserve Facilities supporting Naval Reserve forces and for various command and administrative activities, including recruiting and advertising.

The funding requested for the O&MNR appropriation for Fiscal Year 1987 is $975.9 million, which is a $63.2 million net increase over the Fiscal Year 1986 funding level of $912.7 million. Mission Forces (Budget Activity 1) increases $6.8 million, Depot Maintenance (Budget Activity 2) increases $50.6 million and Other Support (Budget Activity 3) increases $5.8 million. Overall program growth is $17.4 million, $11.2 million of which results from a functional transfer from the O&MN appropriation to support Naval Reserve ship engineering services and combat system maintenance efforts for a growing force.

The increased O&MNR funding level will provide adequate support for the following areas of growth: (1) increased aircraft operating and maintenance costs in support of a more modern mix of aircraft, including the F/A-18; the expansion of the Marine Corps Reserve KFIR(F-21) adversary aircraft squadron being implemented in Fiscal Year 1986; and the funding of the flying hour program at 87 percent of the Primary Mission Readiness (PMR) level, as compared to 85 percent in Fiscal Year 1986, placing the Naval Air Reserve Forces on the same funding base as the active force; (2) $18.4 million to complete the installation of F-14A modernization kits; (3) increased operations, maintenance, modernization and outfitting costs resulting from three additional FFG-7 class ships and one FF-1052 class ship joining the Naval Reserve; (4) an increase of the Naval Reserve ship OPTEMPO from 14.7 to 21 steaming days per quarter to ensure the operational and training readiness of these vital mobilization assets; (5) expansion of the mine countermeasures Craft of Opportunity (COOP) program; (6) establishment of the first Naval Reserve Cargo Handling Training Battalion to be manned primarily by TAR personnel; and (7) increased training, equipment, and base operating support requirements associated with growing Selected Reserve strength levels as the Naval Reserve builds toward the Navy Manpower Mobilization System (NAMMOS) goals.

Programmatic decreases primarily reflect: (1) reductions in the flight hour program for transitioning aircraft (A-7B, F-4S, E-2B); (2) fewer airframe and engine reworks and modification installations; (3) a decrease in Construction Battalion (CB) funding following completion of initial outfitting and equipment storage container procurements for two new battalions in Fiscal Year 1986; (4) a leaner funding profile for intermediate and depot level ship and equipment maintenance, outfitting, modernization and repair parts; (5) five fewer regular ship overhauls in Fiscal Year 1987 as compared to Fiscal Year 1986; and (6) several adjustments in Other Support related to one-time Fiscal Year 1986 costs and other projected savings.

As mentioned earlier, the O&MNR appropriation also supports Naval Reserve recruiting and advertising activities, including support for the enlisted Sea and Air Mariner (SAM) and the officer Sea and Air Mariner (OSAM) programs. Meeting our recruiting goals is essential to the continued success of the Naval Reserve in fulfilling our mission in support of the National Maritime Strategy. The Fiscal Year 1987 increased funding supports specifically targeted advertising efforts to help meet the strength and quality goals of an expanding Naval Reserve.

SUMMARY

Our ambitious program to expand and modernize the Naval Reserve is on course and accelerating.

We are increasing the number of Selected Reservists in order to meet wartime requirements as rapidly as feasible.

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We are expanding our cadre of TAR personnel to man and support increasing numbers of modern ships and aircraft and to support and train a growing Selected Reserve.

We are implementing new training programs to keep pace with the demands of a more sophisticated Naval Reserve.

We are adding new missions and refining existing ones.

We are proud to say that the Naval Reserve is evolving rapidly from a force in reserve to a force in being--A Force On The Move.

I will be happy to respond to any questions or provide any additional information you may require.

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MARINE CORPS RESERVES

General **Buehl**. It is a pleasure to be back after nearly two years' absence from Washington. I represent the Marine Corps and the Marine Corps Reserve, and it is an honor to be able to speak to that.

Simply, we have 25 percent of our combat power in the Marine Corps Reserves and 33 percent of the personnel upon mobilization. I think things have never been better, primarily as a result of the work of this committee.

I have only been on the job eight months but I am very familiar with the history of the support of this committee of the Marine Corps Reserves. I will submit my formal statement for the record, and answer any questions at this point.

[The statement of General Buehl follows:]

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Prepared Statement of Major General L. H. BUEHL III, USMC
Deputy Chief of Staff for Reserve Affairs

Mr. Chairman, distinguished members of the Committee, it is a privilege to report to you on the current and future posture of the Marine Corps Reserve.

Your intense interest in the Reserve and its role within the Total Force during this time of budgetary constraints has had a positive impact on the status of the Marine Corps Reserve. Thanks to your support during the past year, the U.S. Marine Corps Reserve has continued to strengthen and improve its combat readiness.

My assessment of our Reserve is based on a fresh perspective and broad examination during the short time since assuming my post. In essence, I am pleased to report to this Committee the Marine Corps Reserve is in the best shape ever with respect to force structure, modernization, sustainability, and overall readiness to fight. Examples of this improved posture are evident in several areas: participation by approximately 20,000 reservists in major exercises within CONUS and abroad (Canada, England, and Japan); upgrading of aircraft in the Reserve inventory to improve compatibility with the Active Force; and the achievement of 100% combat readiness for all 49 air and ground units tested in FY 85. With the continued support of Congress and the Administration, this trend will continue, and the full potential of the U.S. Marine Corps Reserve's capability to contribute to the national defense as part of the Total Force will be realized.

RESERVE ROLES

Charged with providing the means for rapid expansion of our Corps during a national emergency, the U.S. Marine Corps Reserve is the underlying foundation for sustainability upon mobilization. With trained units and qualified individuals on call to rapidly augment and reinforce Active Forces in response to crises, the U.S Marine Corps Reserve provides a valuable added dimension within the "Total Force" policy.

U.S. Marine Corps Reserve roles upon mobilization will be to:

- Selectively augment the Active Forces in order to field three active Marine Amphibious Forces (MAF's) at full wartime structure.
- Selectively reinforce the active MAF's with SMCR units.
- Provide the capability to field a MAB (with reduced aviation and limited CSS capability) to reinforce an active MAF.
- If augmentation/reinforcement is not ordered, provide the capability to field a Division, Wing, and FSSG with reduced capability.
- Provide a nucleus to reconstitute a Division, Wing, and FSSG.

Our Reserve is capable of executing these responsibilities, but improvements which enhance manpower, equipment, and training programs are still required. Funding of the programs submitted will permit continued evolution of the Marine Corps Reserve to successfully realize its fullest potential as a contributor to our National Defense.

The active component of the Marine Corps provides the National Defense effort a capable, ready, and flexible resource based on three active Marine Amphibious Forces (MAF's). This unique capability is contingent on the ability of the Navy-Marine Corps team to forward deploy Marine Air-Ground Task Forces (MAGTF's) which are tailored to mission requirements. Requirements for Active Force manpower are driven by peacetime commitments, forward deployments, rapid deployment criteria, and the need for a "rotation base." The Reserve complements this force with a capability to rapidly expand structure to required warfighting capability.

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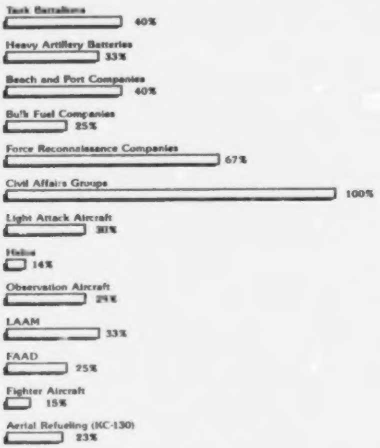
Considered as a Total Force, 25% of the combat structure and 33% of the trained manpower are in the Reserve.

The Individual Ready Reserve (IRR) provides a substantial portion of this manpower. Our mobilization assignment system ensures the skill and experience of these reservists can be quickly assimilated into the force if required. The Selected Marine Corps Reserve (SMCR) contributes trained units which are organized into the 4th Marine Division, 4th Marine Aircraft Wing, and 4th Force Service Support Group. Including 9 infantry battalions and 18 flying squadrons, these organizations represent substantial combat and combat service support capabilities. Examples of the extent of this support to our Corps include: 100% of the Civil Affairs Groups; 67% of the Force Reconnaissance Companies; 40% of the Tank Battalions; 33% of the Heavy Artillery Batteries; 30% of the Light Attack Aircraft, 23% of the Aerial Refueling Aircraft, and 15% of the Fighter Aircraft. Depicted in the following chart are the major contributions made by the Reserve to the Total Force.

RESERVE TOTAL FORCE CONTRIBUTIONS



Force Structure

Selected Marine Corps Reserve

The organization of the Selected Marine Corps Reserve as a Division/Wing Team capable of providing trained units to the Active Force results in unparalleled flexibility in utilization of Reserve assets. Similarity of Reserve and Active Force structures greatly enhances and streamlines the process of integrating reservists into the Active Force during mobilization.

Significant improvement in the quality of manpower has greatly increased the readiness of the SMCR. Educational levels for FY 85 accessions of 96.8% for non-prior service and 92% for prior service equate to an overall high school graduate rate of 95%. Recruiting efforts to match military skills to billet requirements, coupled with skills training at the unit level, resulted in an improved skill match for FY 85 of 75.9% compared to 71.4% for FY 84. The improvement in this area reflects the success of the initiatives taken during 1984 in a project aimed at ensuring that each drilling reservist was a mobilization asset. We trimmed our Reserve Force by approximately 2,000 from our 1983 level. Many individuals who did not demonstrate satisfactory drill attendance were transferred to the IRR. Additionally, those who did not have the proper grade or specialty were removed from the rolls if they refused retraining.

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The SMCR realized a growth of 967 during FY 85 resulting in an end-strength of 41,586. The FY 86 plan calls for an end-strength goal of 43,019; a growth of 1,433 over FY 85.

Our manpower plan calls for a modest growth which will average approximately 1200 per year over the next 5 years. This projected growth calls for an increase which will achieve our goal of being at full Reserve wartime strength by 1990. We plan to continue our active pursuit of imaginative training, increased retention, and proper qualifications to realize our Reserve manpower objective.

Ground Structure

The Marine Corps Total Force planning process has caused structural changes within the 4th Marine Division and Force Service Support Group. The artillery regiment completed reorganization of one Direct Support Battalion to accommodate M198 155mm towed howitzers during FY 85. Reorganization of the remaining artillery units is programmed for FY 88/89 coincident with the procurement of the remaining M198's for the Reserve. Further enhancement of our artillery capability will be realized when the Reserve receives the AN/TPQ-36 counter-fire radar in FY 87. A second Civil Affairs Group was activated in Los Angeles during FY 85. The two Civil Affairs Groups in the 4th Marine Division constitute 100% of the Corps' civil affairs capability. Plans include activation of a third Civil Affairs Group during FY 86/87. Also in FY 86, a Sensor Control and Management Platoon (SCAMP) will be activated in Mobile, Alabama.

During FY 86/87, the Medical Logistics Company of the 4th Supply Battalion, the remainder of the 4th Medical Battalion, and the 4th Dental Battalion will be activated. These activations will be an especially important addition to the 4th Force Service Support Group. A serious deficiency in the SMCR combat service support structure warfighting capability will be eliminated.

A Light Armored Vehicle (LAV) Battalion will be activated in FY 87/88. This battalion, consisting of approximately 960 Marines and 110 vehicles, is anticipated to be located in four or five states. Four Tube-launched, Optically-tracked, Wire-guided (TOW) missile platoons are also scheduled for activation during 1987. One platoon will complete the structure of Anti-tank Company, 4th Tank Battalion, and the remaining three platoons will be placed in each of the three infantry regiments.

Scheduled structure changes for the SMCR:

4th Medical/Dental Battalion	FY 86/87
1 Civil Affairs Group	FY 86
Infantry Battalion Reorganization	FY 86
Air/Naval Gunfire Liaison Company (ANGLICO)	FY 96
Artillery Reorganization	FY 88/89
Sensor Control And Management Platoon (SCAMP)	FY 86
4 Tube-launched, Optically-tracked, Wire-guided missile (TOW) Platoons	FY 97
Light Armored Vehicle (LAV) Battalion	FY 87/88
Target Acquisition Battery	FY 88

Aviation Structure

The 4th Marine Aircraft Wing will also undergo major structural changes as we move into the 1990's. There are three major changes which will enable our Reserve to increase combat capability. They are the expansion to two AH-1J Attack helicopter squadrons, the expansion to two KC-130 Refueler squadrons, and the proposed placement of the Large Land Based Tankers within the 4th Marine Aircraft Wing.

The ongoing standup of the Kfir adversary squadron will enhance and promote the readiness of the Total Force. Thirteen aircraft will be leased from the Israeli government and based at Marine Corps Air Station, Yuma, Arizona, during the summer of 1986. Designated the F-21A, the aircraft will be flown by both

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active duty Marines and reservists of the 4th Marine Aircraft Wing. The squadron will provide enhanced training by flying dissimilar aircraft using tactics employed by potential adversaries. Training for aircrew members will commence during the summer of 1986 at Naval Air Station, Oceana, Virginia, and in Israel. Maintenance for the aircraft will be on a contracted basis.

In addition to the majority of reservists training in Reserve combat units, drilling reservists are actively training with their active duty counterparts. Individual Mobilization Augmentees (IMA's) are placed on staffs within the supporting establishment and provide assistance to the staffs to which they are assigned. They have become key personnel within their organizations, as evidenced when they assisted in manning the Marine Corps Command Center during the Grenada operation. IMA's also man 52 mobilization stations across the country. Mobilization stations are critical to the process of assimilating members of the IRR, Fleet Marine Corps Reserve (FMCR), and Retirees into the wartime structure during mobilization.

Completing the manpower picture for the SMCR is the Full-Time Support (FTS) program. As a result of the Commandant's direction to stabilize active duty manpower growth in the Marine Corps, this program has impacted significantly on the Marine Corps Reserve. The assistance of FTS Marines in recruiting, instructing, and training, as well as administering the Marine Corps Reserve at 21 major commands, fills personnel staffing requirements which would otherwise have had to be accommodated by active component Marines. Programmed growth from 1134 in 1985 to over 1800 by 1990 will be commensurate with the support required for the anticipated growth of our Reserve Force.

Individual Ready Reserve

The increase of the initial military service obligation to 8 years will have an important effect on the IRR. This population is expected to nearly double from approximately 48,000 in FY 85 to more than 90,000 by 1991. The IRR is the primary source of trained individuals for Active and Reserve units in the event of mobilization. Management and training of this resource are primary concerns of current and future planning efforts. An effective mobilization assignment system and preassignment program is in place and is continually refined during the conduct of regularly scheduled mobilization training exercises. Proper "shaping" of the IRR is being vigorously pursued to ensure reservists' skills match and fulfill anticipated essential Active Force wartime requirements.

MODERNIZATION

Modernization of Reserve aviation continues to be a major concern. Total Force planning for aircraft modernization places aircraft released from the Active Force immediately into the Marine Corps Reserve inventory. However, this does not satisfy long-term requirements. While these aircraft remain capable, our aviation plans address continued modernization. We request congressional support in these efforts.

Aircraft such as the CH-46E, UH-1N, AH-1J, and KC-130F are being flown by both Active and Reserve components. This provides a substantial degree of commonality. The Reserve has converted to an all F-4S fighter force. Plans call for an all A-4M attack force by FY 89. Our goal is to upgrade with the Hornet and have an all F/A-18 Reserve fighter/attack force with transition beginning in 1991. As OV-10D's become available, they will be added to the observation squadron. There will be a mix of A and D models for a period beginning in FY 88. Eventually an all OV-10D inventory in both Active and Reserve squadrons will be obtained.

Modernization of the heavy lift helicopter squadron, currently flying the CH-53A aircraft, calls for transition to the CH-53D in FY 92 and transition to the CH-53E in FY 98. Two CH-46E squadrons will continue to provide medium lift capabilities for the Reserve until FY 98/99, when they will transition to the MV-22A, Osprey.

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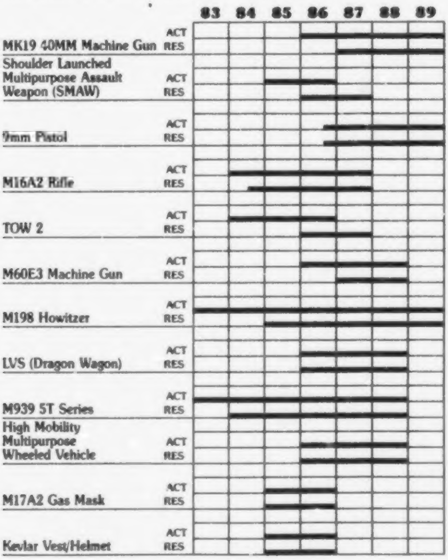
The Reserve currently has one aerial refueler squadron of KC-130's partially configured with the newest KC-130T. Eight aircraft have been delivered and are currently based at Naval Air Station, Glenview, Illinois, along with seven older model KC-130F's. Two aircraft are scheduled for delivery during CY 86, and another two in FY 87. The standup of an additional squadron at Stewart International Airport, New York, is moving ahead in the areas of programmed personnel, aircrew training, and flight-hour funding. However, the inadequacy of scarce MILCON funding may necessitate a revision of the initial schedule calling for standup during the 4th quarter of FY 87. Although incremental measures have been taken to support the aircraft that have already been delivered to the 4th MAW, full standup is contingent on continued congressional support through provision of funding for required military construction of facilities.

Equipment

Modern combat equipment is essential to materiel readiness. As an integral part of the Total Force, all equipment acquisition objectives have for several years addressed Active and Reserve component requirements concurrently. This concept includes initial issue quantities for all U.S. Marine Corps Reserve units and planned sustainability for these Reserve units deploying through D+60.

While the Marine Corps has normally included our Reserve in developing acquisition objectives, equipment fielding to Reserve units has usually lagged behind fielding to the active component. However, during the past 5 years, funding levels have allowed concurrent procurements of most equipment items. Fielding of new equipment concurrently with the active component commenced in earnest in the Marine Corps Reserve in FY 84 with the Commercial Utility Cargo Vehicle (CUCV). Concurrent fielding continues in FY 86 and FY 87 with all new major combat systems being programmed for introduction into our Reserve component. Examples of current fielding plans, depicted below, demonstrate the Marine Corps' commitment to concurrent fielding to both Active and Reserve units:

EQUIPMENT MODERNIZATION



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The Marine Corps' goals of procuring, issuing, and maintaining combat standard equipment for our Reserve are being met. Today, over 96% of the equipment required for training is on hand. Remaining equipment required for mobilization will be held at the Marine Corps Logistics Bases. Today the equipment held in our stores system is not adequate to satisfy total Reserve requirements upon mobilization. Current procurement programs will essentially eliminate all but approximately 5% of these shortages by the end of FY 88.

Marine Corps procurement funds in the amount of $172.1 million have been allocated for the Reserve Component in FY 86. The FY 87 request contains a programmed $85.8 million. These funds represent 10.4% and 5.5% of the FY 86 and FY 87 Procurement, Marine Corps (PMC) appropriation. The program represents Marine Corps procurement of our Reserve's total requirement for such items as the Light Armored Vehicle, High Mobility Multipurpose Wheeled Vehicle (HMMWV), 5 Ton Vehicle Fleet, and the M16A2 Rifle.

Distribution of funds allocated to Reserve procurement is displayed below by commodity area: (Shown in $M)

	FY85	FY86	FY87	FY88
Weapons and Tracked Combat Vehicles	111.1	33.6	23.4	5.1
Guided Missiles and Equipment	2.8	-	-	-
Communication/Electronics Equipment	20.0	30.1	13.6	18.2
Support Vehicles	56.5	74.8	17.8	9.7
Engineer Equipment	14.1	27.3	29.7	41.8
Spares and Repair Parts	8.1	6.3	1.3	1.9
TOTAL	212.6	172.1	85.8	76.7

The Marine Corps Reserve presently occupies 186 Reserve Centers located in 46 states, the District of Columbia, and Puerto Rico. Forty-seven Reserve Centers are managed or owned by the Marine Corps. The remainder are occupied jointly with other services.

Replacement, renovation, or expansion of Navy and Marine Reserve facilities are funded by the Military Construction Naval Reserve (MCNR) appropriation. Funding levels for the previous 5 years have averaged $38 million. During this period the construction backlog has increased from $290 million in FY 82 to $732 million in FY 87. Inadequate funding levels, block obsolescence of World War II era facilities, and new Reserve missions are factors which led to this significant increase.

The current FY 87 through FY 91 MCNR program contains more than $350 million for construction of Navy and Marine Corps Reserve facilities. Replacement or expansion of 64 Reserve Centers will be realized if this program is supported.

Current/programmed MCNR funding levels:

FY	($M)
87	44.5
88	63.3
89	72.7
90	80.5
91	91.2
TOTAL	352.2

TRAINING AND READINESS

The melding of manpower and equipment through an effective and imaginative training program is essential to a combat ready force. Exercises and other training, involving Active/Reserve integration, are targeted to provide a highly trained Reserve manpower pool from which to draw units/individual Marines in the event of mobilization. Programs aimed at professional development and assignment of military occupational specialties are also an integral part of the equation.

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Integrated training with our active component is considered an imperative to successful warfighting. Underscoring our emphasis on Active/Reserve integration and unit performance within a Marine Air-Ground Task Force (MAGTF), the Reserve 2d Marine Amphibious Brigade (MAB) will, for the first time, participate in an exercise under the operational control of the Commanding General, Fleet Marine Force, Atlantic/Commanding General, II Marine Amphibious Force during 1987.

Training for Individuals

Training of individuals in the IRR is accomplished primarily through two programs. First, the Exercise Support Program provides small detachments and individuals the opportunity to participate in major exercises under the cognizance of Fleet Marine Force, Atlantic and Fleet Marine Force, Pacific. Highlights of this program during 1986 are: 15 reservists joined the 9th MAB staff and participated in exercise YAMA SAKURA conducted in Hokkaido, Japan, in conjunction with training for the Japanese Self-Defense Force; 120 reservists from the IRR participated in exercise TEAM SPIRIT by deploying to Korea as part of III MAF.

Second, the Reserve Counterpart Training Program (RCT) is designed to provide IRR officers and enlisted Marines opportunities to train with their active duty counterparts. Our exercise support program is complemented by our focus on MOS training through performance of routine duties. Priority is given to training enlisted IRR Marines before officers because of the importance of technical skill enhancement and proficiency.

The anticipated doubling of the size of the IRR by the end of FY 91 to more than 90,000 as an effect of the 8-year obligation presents a significant challenge to ensure MOS proficiency through conduct of refresher training. The RCT program will become a primary means of accomplishing this training. Identification of MOS's required by the Active Forces upon mobilization, skill degradation profiles, and imaginative training programs must all be addressed as we carefully formulate plans to accomplish IRR refresher training.

Military occupational specialties (MOS) shortfalls have been identified. Skill degradation over time within these specialties is being measured. To counter this skill degradation, funding has been earmarked to conduct this essential skill refresher training commencing in FY 88. A major challenge will be the continued development of this group of reservists as a viable manpower resource through refresher training, enhanced administration capabilities, and improved mobilization techniques.

One other facet in our training program for individuals is attendance at professional schools. These opportunities provide career, intermediate, and top level schooling for Reserve officers similar to that offered for regular officers. Reservists attend the Reserve courses at the Marine Corps Amphibious Warfare School and the Marine Corps Command and Staff College, as well as schools at the Naval War College. Candidates from the grade of warrant officer to colonel are designated by selection board to ensure that the most qualified individuals attend. The program has expanded from 902 officers in FY 85 (54% SMCR, 34% IRR, 4% FTS), to 1,005 in FY 86 (59% SMCR, 34% IRR, 7% FTS). Present levels of professional education will be maintained in FY 87.

Training and Readiness of Units

Exercise participation affords reservists the same opportunities as their active duty counterparts to hone skills in command and control, fire support coordination, amphibious planning, and fire and maneuver. An active cycle of training is maintained which includes combined arms exercises, cold weather training, and amphibious landings. As previously mentioned, unit participation in 18 major exercises abroad and within CONUS provided training to approximately 20,000 reservists during 1985. The major exercises of 1985 and the projected exercises for 1986 are depicted in the next two charts:

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FY 85

EXERCISE	DATES	LOCATION	MAJOR UNITS	# PERSONNEL
Joint/Combined				
ALPINE WARRIOR/ COLD WINTER	Feb	New York Norway	HQ ELEM 4thMARDIV HML-771, HMM-774 HMH-772	150
BRIM FROST 85	Jun	Alaska	I Co 4th FAAD	300
BEAR HUNT	Oct	Korea	Det FSSG	150
NEZ ROUGE	Jan	Canada	Det A, MAG-49	40
Joint				
SOLID SHIELD 85	May	East Coast	HQ ELEM 4thMARDIV MAG-49 Det C, MAG-42 ELEM 4th MAW	600
BORDER STAR	May	New Mexico	MACS-23	300
RESERVE AMPHIBIOUS EXERCISE	Jun	West Coast	2/24, MAG-42 (-)	2100
RESERVE AMPHIBIOUS EXERCISE	Jul	East Coast	1/25, MAG-49 (-)	2100
BLAZING SKIES	Nov	New Mexico	MACS-23	200
POWDER RIVER	Nov	CONUS	HQ ELEM	300
SMCR				
COLD WEATHER TRAINING	Apr	California	3/25	800
MECHANIZED EXERCISE	Apr	Virginia	8th TankBn	800
MCCRES *	Jun-Jul	Minnesota	1/23, 3/23 MAG-42 (-)	2400
COMBINED ARMS EXERCISE 7-85	Jul	California	2/24, MAG-46 (-)	2500
MOUNTAIN WARFARE TRAINING	Jul	California	3/24	800
JUNGLE TRNG	Jul	Panama	2/25	700
COMBINED ARMS EXERCISE 8-85	Jul-Aug	California	1/24, MAG-46 (-)	2400
MCCRES *	Aug	Wisconsin	3/14,4/14	800

* MCCRES - Marine Corps Combat Readiness Evaluation System

OUT OF CONUS - Alaska (BRIM FROST 85), Korea (BEAR HUNT and TEAM SPIRIT), Thailand (COBRA GOLD), Med/Turkey (DISPLAY DETERMINATION), Panama (Jungle Training), England (WINTEX CIMEX), Canada (NEZ ROUGE), Guam (MPS Loading; Det, 4th Landing Support Bn)

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FY 86

EXERCISE	DATES	LOCATION	MAJOR UNIT	# PERSONNEL
Joint/Combined				
TEAM SPIRIT	Feb	*	Individuals	140
ANCHOR EXPRESS	Feb-Mar	*	HMA-773	100
MAPLE FLAG	May	*	VMAQ-4	20
NORTHERN WEDDING/ BOLD GUARD	Sep	*	3/25 4th MAW ELEMENTS	1950
Joint				
BOLD EAGLE	Oct-Nov	CONUS	VMA-124, MACS-24	
PORT CALL 86	Nov	CONUS	BridgeCo, HQ ELEM	80
ALPINE WARRIOR	Feb	Wisconsin	A Co 4th CBEngrBn	320
AMPHIBIOUS EXERCISE	Jul	East Coast	2/25, MAG-41	2820
SMCR				
COMBINED ARMS EXERCISE 7-86	May-Jun	California	3/24, MAG-49 (-)	3700
MOUNTAIN WARFARE TRAINING	May-Jun	California	2/23	1200
COMBINED ARMS EXERCISE 8-86	Jun-Jul	California	1/25, MAG-49(-)	2870
MECHANIZED EXERCISE	Jul	California	4thTankBn 4thAsslt AmphBn	1000
FIRE EXERCISE	Jul	Colorado	14th Mar	1700
MCCRES **	Aug	Minnesota	2/24	2800
COLD WEATHER TRAINING	FY	California	ELEM 4th MARDIV	1200

* OUT OF CONUS

** MCCRES - Marine Corps Combat Readiness Evaluation System

One feature of the annual exercise schedule is Reserve unit participation in the Marine Corps Combat Readiness Evaluation System (MCCRES). Reserve units are routinely assessed with the same criteria used to evaluate Active Force training effectiveness. Results are used primarily by unit commanders to correct unit training deficiencies. A comparison of results from 1980 through 1985 provides insight into the effectiveness of the training program.

MCCRES RESULTS

FY	UNITS EVALUATED	% REPORTING COMBAT READY
80	13	69
81	13	54
82	29	90
83	31	90
84	13	100
85	49	100

A crucial measurement of readiness for the Reserve, in addition to tactical proficiency, is being physically able to mobilize. This readiness factor is routinely assessed and exercised from an overall perspective during the conduct of JCS mobilization exercises. During Exercise PORT CALL 86, the Marine Corps moved a bridge company from its home training center in Battle Creek, Michigan, to the Station of Initial Assignment (SIA) located at Camp Lejeune, North Carolina. The company married up with selected items of equipment which had been drawn from the

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Prepositioned War Reserves (PWR) and shipped to the SIA. We also moved an infantry battalion from five home training centers located in Michigan and Ohio to the same SIA.

Complementing this system at the unit level, the 4th Marine Division and 4th Marine Aircraft Wing conduct Mobilization Operational Readiness Deployment Tests (MORDT's). MORDT's provide unit commanders an assessment of readiness to deploy upon mobilization.

MORDT RESULTS

FY	UNITS TESTED	% COMBAT READY
80	133	96
81	95	96
82	131	95
83	113	93
84	95	94
85	92	91

BUDGET

The FY 87 Reserve budget request of $380.1 million will support both enhancement initiatives discussed above and a SMCR end-strength of 44,400 (42,800 average strength). This funding represents 4.1% of the overall Marine Corps budget, and a real growth of 8.4%. Listed below is a comparison of FY 86 and FY 87 budgets.

FUNDING COMPARISON - FY 86/87

RESERVE APPROPRIATION	FY 86	FY 87
Reserve Personnel, Marine Corps (RPMC)	$287.3M	$314.8M
Operation & Maintenance, Marine Corps Reserve (O&MMCR)	$ 58.2M	$ 65.3M
Total	$345.5M	$380.1M
Reserve Share of Total Marine Corps	3.9%	4.1%

The FY 87 RPMC Budget provides $208.8 million for pay and allowances, retired pay accrual, subsistence, clothing, and operational travel for units and individuals during drills, annual training, and initial active duty for training (IADT). The other $106.0 million is for special tour requirements, mobilization training, the Full Time Support (FTS) Program, Incentives Program, Platoon Leaders Course, and the Junior Reserve Officers Training Corps. The RPMC increase of $27.5 million over FY 86 is necessitated by a planned end strength increase of 1,381 within the SMCR and FTS programs. The purpose of this increase is to support the structure enhancements previously discussed and a DOD directed one-day involuntary recall of the Individual Ready Reserve for annual screening.

The FY 87 O&MMCR request of $65.3 million provides funds for the day-to-day costs of supporting our units. The training of SMCR units is directly supported by $28.7 million. Included are the costs of "expense items" of equipment, consumables, vehicle and airlift support, transportation of Marines and materiel, and unit maintenance of equipment. Depot level maintenance of major end items of equipment is supported with $2.0 million. The FY 87 request also provides $17.2 million for the operation and maintenance of training facilities and adminisrative support of the SMCR. The remaining $17.4 million pays for administrative support of individual reservists, recruiting activities, and headquarters support.

Funding levels described for FY 87 are vital in our continued development. The modest increase in funds for enhanced manpower, training, equipment, and facilities will make a substantial contribution to our warfighting capability.

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CONCLUSION

The Marine Corps Reserve has made great strides in improving its posture during the past decade. Continued attention to several areas is required in order to keep momentum moving toward our objective of a well-trained, responsive, and combat capable Reserve Force.

Emphasis on recruiting and retaining quality Marines must be continued. Provision of strong, adept leadership and creative, mission-oriented training is a challenge which must be continually met. Modern facilities and adequate compensation are also extremely important in motivating our young Marines to remain active in the Reserve. The husbanding of this manpower resource to maintain the desired strength levels is a key element in meeting the commitments of the U.S. Marine Corps Reserve.

Providing our Marines with state-of-the-art equipment is the goal of our force modernization effort. This may be the most important single factor in establishing the Reserve as a credible combat force.

Continued Active/Reserve integration is also critical to enhancing Reserve capabilities. Implicit in mobilization is the integration of the Reserve, as individuals or units, into the Active Force. Their degree of success in accomplishing this integration and contributing to combat effectiveness will ultimately be borne out on the battlefield. Appropriately, Active/Reserve integration is the dominant theme in reserve planning. Emphasis is consistent from the highest level staffing to unit training in the field. More reservists are involved in Active Force training than ever before. Major program sponsors in the Marine Corps wear a reserve hat as well as an active one. Active/Reserve integration does take place at every level in the Marine Corps.

In keeping with the Total Force policy, the Marine Corps Reserve complements the Active Force as a fully integrated partner. Our Marine Reservists are dedicated, professional young men and women with patriotic commitment to our Nation's defense. They are an indispensable asset to the Corps in meeting its role as our Nation's Force-in-Readiness.

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GRAMM-RUDMAN-HOLLINGS IMPACT

Mr. **Chappell.** Thank you, General and Admiral.

Let's turn to probably the most important question at hand, what is Gramm-Rudman-Hollings doing to you people. What has it done in fiscal year 1986 and what do you expect it to do if the automatic reduction triggers in fiscal year 1987?

Admiral **Kempf.** FY 1986 is really the only thing than I can speak to. I think that our predecessors at the table took some guess as to what 1987 might be; and I could estimate if somebody could tell me the percentage——

Mr. **Dicks.** Say 10 percent.

Admiral **Kempf.** Whatever we have in the budget, 10 percent by law would come off that. I can be more specific as to how we are accommodating the FY 1986 Gramm-Rudman impact. We are cutting 14,732 man days of training. This is in special active duty for training and school active duty for training. We are also reducing flying hours by 8,600.

Mr. **Chappell.** What does that relate to per pilot?

Admiral **Kempf.** Well, let's see——

Mr. **Chappell.** You were about 25 or 26 I think.

Admiral **Kempf.** We have gradations, 150 hours per year are required for our carrier pilots and down to, in some cases, 130. The FY 86 budget funded 85% of this requirement. So it is a 4.9 percent cut from that 85%, whatever that—so 6.25 hours off the top of the funded level of 127.5 hours per carrier pilot would be the amount of hours reduced by Gramm-Rudman.

Mr. **Chappell.** What is that going to do to your proficiency?

Admiral **Kempf.** I must say, that for the FY86 Gramm-Rudman impact, we have largely been able to accommodate. By anybody's measure, if the automatic trigger is pulled for FY87, it is going to hurt us. I cannot imagine it is not going to be in, the terms used before, devastating. We are better able to accommodate this fiscal year because we are allowed some adjustments to protect certain programs, specifically personnel. We have held up putting equipment into our ship intermediate maintenance activities. We have chosen to delay overhauls of nine aircraft and eight engines; so we have just slipped things to accommodate. We have taken the 4.9 percent off the construction projects. We are indeed going to get rid of frills and bring each of those projects in within the limits, because that is what we are required to do by law.

This year is not too bad; next year would be devastating, the kind of cuts we are looking at.

General **Buehl.** In 1986 we took a $4.1 million cut broken into two parts, Reserve Personnel Marine Corps, $1.3 million where we had to reduce the number of people we brought into training and also the number of special tour for Selected Marine Corps Reserve personnel and Individual Marine Reservists for such things as the RCT program.

In our other appropriation, Operation and Maintenance, Marine Corps Reserve, we took $2.8 million in 1986. We simply had to stop buying Kevlar helmets, lightweight body armor and NBC equipment. This has a significant impact in terms of combat readiness for the individual Marine. We don't have figures for 1987 but as-

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suming the 10 percent that you have postulated, rough figures, we would have to cut back by 4400 Marines in our SMCR, and 150 AGR would not be brought aboard. I am planning to stand up LAV battalion, several TOW platoons, a new KC-130 squadron, thanks to the committee, and a KFIR adversary aircraft squadron for which we are going to contract for thirteen Israeli airplanes to provide the kinds of training that our aviators need in dissimilar aircraft. The KFIR squadron is very important as it would serve the regular side of the Marine Corps and Navy as well.

We wouldn't have the personnel to stand up to those units nor the medical dental companies and battalions. All these new structure additions having to do with sustainability and modernization would not be stood up in my view if we had 10 percent imposition of the Gramm-Rudman-Hollings Act in FY 1987.

TRAINING AND ADMINISTRATION OF RESERVES

Mr. CHAPPELL. The largest single request in the Navy Reserve program in 1987 is approximately $100 million to increase the training and administration of the Reserve. The 1987 end strength increases 4,175 above 1986 and the man year average increase is 3,561.

In 1984 the total cost of administration and support of the Navy Reserve, which represents basically the TAR costs, was $304,845,000. This amount increased by 53 percent in 1985, 27 percent in 1986 and by a requested 17 percent in 1987. The total 1987 request for administration and support is $695,322,000 representing a 128 percent increase over 1984.

At the same time, the increase in Selected Reserve end strength has only been 29 percent and the increase in end strength for the total Navy Reserve has only been 34 percent. Thus, you can see there has been a significant increase in the cost of the administration of the Reserves.

Tell us a little about the reasons for this significant growth.

Admiral KEMPF. In five years the Selected Reserve will increase by half again the amount we started with in 1983. The Naval Reserve requires a significant support base which in our judgment was deficient and was not capable of carrying the load for training these Reservists.

Let me just address, for example, where the increases from last year are to 1987.

Now, 687 additional TARS, for example, will be going aboard our ships that are converting to Naval Reserve. We have four frigates that will be added this year. Plus the TAR rating expansion, we are trying to increase the number of ratings in the—when I say TAR, I mean full-time support, we call ours TARs. As this committee has directed and urged, we have made the people aboard the Naval Reserve vessels, to the extent possible, Reservists, and we have tried to get as many of the active USN billets converted to TAR as we can. We are going to end up with 70 percent of the active duty people aboard our frigates being TAR; 30 percent will not. The reason they will not is that some of the ratings have such a small number associated with the Reserve that it is not possible to create a viable career path for them. We need about 100 to 115

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people in a rating to make promotions possible and keep the flow going So to the extent possible, we are transitioning those aboard Reserve ships.

On the air side, we will add 489 TARs; to the amphibious force, 160, shore intermediate maintenance facilities to support our Reserve frigates, 768; for our craft of opportunity program, 903; and in support activities, 1400. So all of these increases are very carefully structured to give us the active duty support base necessary to support the growth in the Reserve programs.

Mr. Chappell. You say 70 percent, the mix is about 70-30.

Admiral Kempf. You have to back into that number. You see you can—

Mr. Chappell. You must be talking about TARs and the Selected Reserve.

Admiral Kempf. Take the FF-1052, there will be 55 percent active, 45 percent Selected Reserve. Of the 55 percent active, 70 percent were targeted for TARs, 30 percent USN.

ENLISTED ACTIVE DUTY TRAINING

Mr. Chappell. Why do we have such a lower participation rate for enlisted personnel performing active duty training in the Navy than we do in the Air Force and Army? The Army, according to our statistics, runs about 94 percent participation and the Air Force about the same. The Navy is running at 80, 81 percent I believe.

Do you agree with those figures?

Admiral Kempf. I don't agree with those figures, sir.

Mr. Chappell. Can you tell us what the Navy is?

Admiral Kempf. The participation last year for drills and so far this year is well over 90 percent. I would have to get the active duty for training data for the record, I believe.

Mr. Chappell. This is active duty.

Admiral Kempf. Yes, sir. I understand. I would like to get that answer for the record.

Mr. Chappell. Referring to the justification sheets and looking at page 34 where it shows participation rate of 81 percent. Enlisted personnel active duty for training. Does this low participation rate give you cause for alarm and what actions are you taking to try to increase it?

Admiral Kempf. I could hazard a guess.

Mr. Chappell. Provide it for the record if you will.

[The information follows:]

The participation rate of Naval Reserve enlisted personnel performing Active Duty for Training (ACDUTRA) is not alarming since a significant part of the lack of "performance" is the result of the use of a rigid formula to determine the rate. This formula, which has been in use for over ten years producing similar rates, simply divides the Training Category A average strength by the number of annual active duty periods. This formula has limitations. For example, veterans who have just left active duty are exempt from annual ACDUTRA during the first year they affiliate with the Selected Reserve, and members within six months of retirement are not authorized to perform annual ACDUTRA. These are logical exemptions which rec-

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ognize the value of training received on active duty and the prudence of not expending valuable resources on an individual who is about to retire. In addition, if an individual performs special ACDUTRA and subsequently is unable to perform annual ACDUTRA, he is excused if two weeks special ACDUTRA has been performed. The formula, however, will reflect nonperformance. This calculation also does not make allowance for those individuals who are temporarily Not Physically Qualified (NPQ) for ACDUTRA. Notwithstanding these limitations, the Navy is concerned with both the rate of performance and quality of training received during ACDUTRA. A new Surface Reserve Training Program is being implemented to improve the training of individuals in their specific rating and mobilization billet, as well as to encourage more frequent ACDUTRA with the gaining commands. It is expected that this more meaningful and challenging training will have ancillary benefits of improved retention, morale and participation.

Admiral Kempf. I was speaking of our drill participation which is up considerably.

Mr. Chappell. Mr. McDade.

Mr. McDade. No questions.

Mr. Chappell. Mr. Murtha.

Mr. Murtha. No questions, Mr. Chairman.

STEAMING HOURS

Mr. Chappell. Let me ask a question, concerning steaming hours. What is Gramm-Rudman-Hollings doing to your steaming hours?

Admiral Kempf. It will come right off the——

Mr. Chappell. Assume a reduction for 1987 of roughly ten percent.

Admiral Kempf. 4.9 this year, yes, and whatever the percentage—if it is 10 percent next year.

Mr. Chappell. It looks like it may trigger, and if it triggers it may be about 9 or 10 percent. Does that mean you will lose 10 percent of your steaming days if that happens?

Admiral Kempf. I am not sure whether steaming days is a separate budget line item or if it is in a larger budget activity.

Mr. Murtha. I would guess proportionately, it would hurt the Reserves less than the regulars in this case, because I would assume you send a lot of people on active duty to steam with the regular float, is that accurate, or not?

Admiral Kempf. That is accurate for active duty for training, yes, we do. My perception is it will cut by law right across-the-board.

Mr. Murtha. Will you have to cut back on travel to and from drills and active duty?

Admiral Kempf. Yes, and we have done that in 1986, because they are some of the permissive things, rather than cut people.

Mr. Young. No questions, Mr. Chairman.

Mr. Miller. No questions, Mr. Chairman.

Mr. Chappell. Mr. Livingston.

Mr. Livingston. Thank you, Mr. Chairman. I do have a couple of questions for the record, but I just wanted to congratulate Admiral Kempf on his additional star and tell both of you, both the Navy and Marines, you are doing great in New Orleans, we appreciate you being there.

Admiral Kempf. Thank you, Mr. Livingston.

[Clerk's note.—Questions submitted by Mr. Livingston and the answers thereto follow:]

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NAVAL RESERVE COMMAND LOCATION IMPACT

Question. Provide for the record a 1985 update to the tables provided in last year's hearing record for Naval and Marine Corps activities, New Orleans. (Note: Part 8, 1986 hearing records, pages 83 and 84)

Answer. The 31 Navy and Marine Corps activities in New Orleans increased in personnel by 1,545 and over $38 million in payroll between 1984 and 1985. The table of activities for 1985 is as follows:

NAVAL AND MARINE CORPS ACTIVITIES, NEW ORLEANS, 1985

	Personnel	Payroll
Command		
COMNAVRESFOR	426	$15,019
COMNAVAIRESFOR	142	5,185
COMNAVSURFRESFOR	100	4,035
NAVAIRLOGOFF	53	1,689
CCPO New Orleans	43	1,207
PERSUPPACT	122	2,968
NAVRESFIPC	145	3,160
NAS New Orleans	3,127(a)	25,285
NAVRESPREDCOMREGTEN	72(b)	404
NAVSUPPACT New Orleans	872(c)	12,819
NAVMARCORESCEN New Orleans, LA	773(d)	2,706
SPECROATU TWO TWO	208(e)	433
NROTC Tulane	160(f)	532
NARDAC	175	4,858
NAVINSERVREGO	19	446
SUPSHIP	145	4,584
NAVRESPERSCEN	528	8,705
EPMAC	331	7,719
NAVMEDCLINIC New Orleans	110	1,456
NAVBIODYNLAB	89	1,487
NAVOCEANCOMDET	14	180
NAVLEGSVCOFFDET	4	106
OICC/ROICC	9	191
NAVCRUITDIST New Orleans	111	3,063
NPPSDO, NOLA	25	642
MSCONOLA	12	297
FOURTH MAW	262	2,601
FOURTH MARDIV	334	9,855
EIGHTH MCD New Orleans, LA	90	1,819
MAG FOUR SIX DETBRAVO	308(g)	1,254
H&S Company Third Battalion Twenty-Third Marines	189(h)	548
Total	8,998	125,253

a. Includes 1,716 drilling Naval Reservists
b. Includes 36 drilling Naval Reservists
c. Includes 272 nonappropriated funds employees
d. Includes 753 drilling Naval Reservists
e. Includes 171 drilling Naval Reservists
f. Includes 150 NROTC Midshipmen
g. Includes 189 drilling Marine Reservists
h. Includes 168 drilling Marine Reservists

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NAVAL RESERVE SHIPS DISPERSAL

Question. Provide an update to the table on pages 84 and 85 (Part 8) in last year's hearing record for the NRF frigate dispersal plan.

Answer. The updated dispersal plan for NRF frigates is as follows:

Ship name/hull number	FY to NRF	Homeport
U.S.S. Miller (FF-1091)	82	Newport.
U.S.S. Valdez (FF-1096)	82	Newport.
U.S.S. Antrim (FFG-20)	87	Mayport.[1]
U.S.S. Flatley (FFG-21)	88	Mayport.[1]
U.S.S. Patterson (FF-1061)	83	Philadelphia.
U.S.S. Oliver Hazard Perry (FFG-7)	84	Philadelphia.
U.S.S. Clifton Sprague (FFG-16)	84	Philadelphia.
U.S.S. Clark (FFG-11)	85	Philadelphia.
U.S.S. Estocin (FFG-15)	86	Philadelphia.
U.S.S. Blakely (FF-1072)	83	Charleston.[2]
U.S.S. Samuel E. Morrison (FFG-13)	86	Charleston.
U.S.S. Fahrion (FFG-22)	88	Charleston.
U.S.S. Lang (FF-1060)	82	Long Beach.[3]
U.S.S. Gray (FF-1054)	82	Long Beach.[3]
U.S.S. Duncan (FFG-10)	84	Long Beach.
U.S.S. Wadsworth (FFG-9)	85	Long Beach.
U.S.S. George Philip (FFG-12)	86	Long Beach.
U.S.S. Sides (FFG-14)	87	Long Beach.
U.S.S. John A. Moore (FFG-19)	87	Long Beach.
U.S.S. Lewis B. Puller (FFG-23)	87	Long Beach.
U.S.S. Roarke (FF-1053)	87	San Francisco.
U.S.S. Meyerford (FF-1054)	88	San Francisco.
U.S.S. Tisdale (FFG-27)	88	Everett, WA.
U.S.S. Copeland (FFG-25)	88	Everett, WA.
U.S.S. Jack Williams (FFG-24)	90	Gulf Coast.
U.S.S. Gallery (FFG-26)	90	Gulf Coast.

[1] Shift to Boston in fiscal year 1989.

[2] Shift to New York in fiscal year 1989.

[3] Shift to San Francisco in fiscal year 1987.

Question. Has any decision been made on dispersal plans for MCMs and MSHs? If so, provide more details for the record.

Answer. Partial homeporting decisions have been announced in conjunction with strategic homeporting initiatives. These include the assignment of USS AVENGER (MCM-1) to Charleston, SC, 2 MCMs to San Francisco, CA, and 2 MCMs to the Puget Sound area. Additionally 2 MSHs to Astoria, OR, 2 MSHs to Galveston, TX and one MSH to Mobile, AL. Remaining mine countermeasures ship homeporting is still being reviewed.

[CLERK'S NOTE.—End of questions submitted by Mr. Livingston.]

Mr. CHAPPELL. We appreciate your good work, Admiral and General, we appreciate it and we hope we can continue with you.

Admiral KEMPF. Thank you, sir, and with your support, we will.

Mr. CHAPPELL. I want to thank those of you who have testified today, we appreciate it very much. Please answer the rest of the questions for the record.

[CLERK'S NOTE.—Questions submitted for the record and the answers thereto follow:]

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TRANSFERS/UNOBLIGATED BALANCES

Question. The 1987 total request for Reserve Personnel, Navy is $1,527,600,000. This represents an increase of $178,455,000 above the direct program of $1,349,245,000 in 1986. This is an increase of more than 13 percent. However, the comparison of the 1987 appropriation to the 1986 appropriation of $1,267,734,000 results in an increase of $259,866,000, or more than 20 percent. The difference in the 1986 appropriation and current program level is an unobligated balance transfer of $81,511,000. In addition, this account experienced an unobligated balance transfer of $22,000,000 in 1985.

Please explain the reasons for the transfers and the sources of the funds transferred.

Answer. In FY 1985, the difference between the appropriation amount and the current program level is the additional amount approved by Congress for the pay raise in FY 1985. The source of the FY 1985 funds is the 1983/1985 Aircraft Procurement, Navy appropriation, to be transferred pursuant to section 8103 of the FY 1986 DOD Appropriations Act.

In FY 1986, the $81,511,000 is the additional amount required to fund the FY 1986 pay raise (less absorption) and the retired pay accrual (at the full rate in absence of retired pay reforms).

The source of the FY 1986 funds in the 1985/1986 RDT&E appropriation.

TRAINING AND ADMINISTRATION OF RESERVES (TARS)

Question. The largest single request in the Navy Reserves program in 1987 is $100,000,000 for an increase in the training and administration of Reserves. 1987 end strength increases 4,175 above 1986 and the manyear average increase is 3,561.

To appreciate the growth in the TAR program, it is helpful to look at recent history. In 1984, the total cost for administration and support of the Navy Reserves, which represents basically the TAR costs, was $304,845,000. This increased by 53% in 1985, by 27% in 1986, and by a requested 17% in 1987. The total 1987 request for administration and support of $695,322,000 represents a 128% increase above 1984.

At the same time, the increase in Selected Reserve end strength has only been 29% and the increase in end strength for the total Naval Reserve has only been 34%. Thus, it is easy to see that the dramatic increase in the number and cost of the TARs is significantly changing the structure and make-up of the Navy Reserve program.

What documentation can you provide the Committee to support such continued growth in administration and support costs? For example, do the increases in unit readiness come anywhere near the increases experienced in administration and support for the costs of the TAR program?

Answer. The increase in TAR costs are attributable to several factors. The most significant factor has been the inclusion of Retired Pay Accrual (RPA) commencing in FY 1985, which accounts for 54 percent of the cost growth. Other factors affecting the increase in TAR costs are:

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Functional transfer of billets previously funded from MPN to RPN, e.g., total Naval Reserve dedicated Recruiting Force, and active duty support at Naval Reserve Centers.

Congressionally mandated conversion of active duty USN manpower billets on Naval Reserve ships to TARs.

New, additional and more modern ships, aircraft and maintenance activities which require increased full time personnel support.

Unit readiness is not measured by increases in TAR costs. As indicated, TAR costs have risen primarily because of the Retired Pay Accrual, billet transfers, and force modernization.

CONTROL OF NAVAL RESERVE FUNDS

Question. The Committee has directed the Navy to transfer the authority over and control of Naval Reserve funds to the Director of Naval Reserve. The Navy has not complied with this directive. Admiral, I would think that you would want control over Naval Reserve funds and would be doing all within your power to implement the Committee's directive. Is that the case?

Exactly what is the Navy's current activity in response to the Committee's directive?

Answer. The Navy perceives that it is in compliance with the intent of Congress. As the Director, Naval Reserve, I am directly responsible to the Chief of Naval Operations for all Reserve matters. I am appropriation sponsor for all Naval Reserve appropriations (Operation and Maintenance, Reserve Personnel, and Military Construction); I assess planning and programming actions during the program/budget process to ensure that the requirements of the Naval Reserve are fully and fairly accommodated. I am not, however, the "responsible office" for the Reserve appropriations; that designation is retained by the Comptroller of the Navy for all Department of the Navy sponsored appropriations. This is consistent with Navy's organizational structure and supports Navy's method for financial control. I am completely satisfied that I have the necessary level of control over Naval Reserve funds to comply with the Committee's directive and effectively fulfill my responsibilities.

Question. Admiral, last November you received your third star, making you the only individual service Reserve chief with that rank. How has this helped you to stress and implement the role of the Naval Reserve within the total force?

Answer. My promotion to Vice Admiral has made it significantly easier for me to attend planning, programming and budgeting meetings and has enabled me to participate directly in the final decisions made concerning Naval Reserve programs and funding. My new rank has made me more effective in ensuring that the Naval Reserve is fully considered within all Navy total force decisions.

PERMANENT CHANGE OF STATION FOR TARS

Question. In FY 1987, $5,347,000 is requested to provide travel costs for permanent change of station for 1,266 TAR officers and $17,574,000 is requested for PCS moves for 10,226 enlisted men serving on active duty in the TAR program. This means that more

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than 50 percent of the average number of TARs in FY 1987 will experience permanent change of station.

Why do you propose to move so many TARs?

Answer. Accession and separation moves required to attain and maintain the requested strength levels account for 7,575 of the total number of TAR moves. The remaining 3,917 are operational, rotational, training and unit moves necessary to support staff requirements. These latter moves represent approximately 19 percent of the average number of TARs.

TRAVEL COSTS

Question. In 1987, the total request for travel costs for Reserve personnel, Navy is $117,462,000. This is an increase of $17,816,000, or nearly 18 percent, above the 1986 current estimate. Even discounting the travel funds requested in association with the one day IRR mobilization, the 1987 requested increase is still more than 14 percent above 1986.

Why should travel costs be increasing so much more than the overall Naval Reserve program?

Answer. The majority of the increase in travel costs are the result of personnel strength increases. Discounting the travel connected with the IRR screening and inflation, the FY 1987 request reflects a 11.0 percent increase. This is in concert with a 10.9 percent increase in Selected Reserve personnel end strength and numbers of IRR personnel performing skill maintenance training.

TRAINING FOR PAY GROUP F/U

Question. The Pay Group F/U budget activity provides funds for initial active duty for training for enlisted Sea and Air Mariners (SAM) and Officer Sea and Air Mariners (OSAM). The 1987 budget estimate contains significant growth for this program. It would increase from $66,256,000 in 1986 to $77,881,000 in 1987.

The rates of pay and allowances for active duty for the training officers have increased dramatically from the estimates contained in the 1986 justifications. For example, last year's estimate was $15,000 compared with an actual rate of $24,631. The total estimate for 1986 has been revised upward from $1,869,000 to $3,456,000.

What accounts for the significant increase in the rate for pay and allowances for officers.

Answer. The difference in FY 1986 rates, as reflects by the FY 1986 and FY 1987 budget justifications, is the result of a display procedural change. The initial FY 1986 submission depicted a rate based on a fiscal year total number of trainees. The FY 1986 rate estimate reflected in the FY 1987 submission is based on work year average strength. This procedural methodology more accurately reflects the cost resulting from those personnel not completing training in FY 1985 and carried over into FY 1986 as well as varied training duration periods. It is also in keeping with the average strength format used throughout the budget justification and is in consonance with the actual rate experience realized during FY 1985.

Question. The estimates for both average strengths and the rate of pay and allowances for enlisted men active duty for training have also been considerably changed. For example, last year the 1985 estimates for average strength and rate for pay and allowances were $13,756 and $2,926, respectively. The actual 1985 average strength turned out to be $4,006 and the actual rate turned out to be $14,068. The current 1986 estimate shows a similar change in both the average strength and the rate from the amounts contained in last year's justifications.

What accounts for the three to four fold increase in the rate of pay and allowance for enlisted active duty for training in this program?

Answer. As with the pay group F/U officers, the FY 1986 strength and rate differences between the FY 1986 and FY 1987 budget justifications are attributable to a procedural change. The original FY 1986 estimate was based on a fiscal year total number of trainees. The FY 1986 estimate reflected in the FY 1987 submission bases its computation on work year average strength. This methodology more accurately portrays the impact of training duration and fiscal year carry overs. Although the column headings of the initial FY 1986 justification indicates an average number of trainees, only total numbers of trainees were depicted. Thus, the change to average work years in the FY 1987 submissions resulted in a lower strength base.

Question. Does the significant decline in average strength for enlisted personnel represent a major programmatic change or merely an effort to live within resources?

Answer. Given the mistitled column headings in the initial FY 1986 display for trainees, no decline in enlisted average strength occurred. FY 1986 average strength for pay group F/U enlisted personnel actually reflects a slight increase between the FY 1986 and FY 1987 budget submissions as depicted in the following table:

	Fiscal year 1986 budget submit	Fiscal year 1986 budget submit	
	Fiscal year 1986	Fiscal year 1986	Fiscal year 1987
Number of trainees (enlisted)	13,126	15,448	16,194
Average strength	3,992	4,017	4,381

OPERATION AND MAINTENANCE, NAVY RESERVE

Question. The 1987 request to maintain and operate the Navy Reserve is $975,900,000, compared to a 1986 appropriation of $894,950,000. However, that figure does not reflect the Gramm-Rudman-Hollings reduction of $43,853,000.

How have you applied the Gramm-Rudman-Hollings reduction in 1986 and what effect has that had on your operations and readiness?

Answer. The FY 1986 Gramm-Rudman reduction was allocated on a pro-rata basis to each budget activity and claimant, giving claimants the incentive to make substantial efforts to identify economies and efficiencies to mitigate the impact of the Gramm-Rudman reductions. Since we are only half-way through FY 1986, I cannot say at this point what operational or readiness impact will

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be experienced. At the time, I fully expect that there will be reductions to readiness programs such as flying, steaming, depot maintenance and maintenance of real property.

STEAMING HOURS

Question. Steaming hours for Naval Reserve forces are estimated to increase of 33,233 in 1986 to a requested 58,285 in 1987. This represents an increase of 25,025 or more than 75 percent. This would allow Reserve ships to increase operational training from 15 to 21 days per quarter.

What is the equivalent number of steaming days per quarter for ships in the active fleet?

Answer. Active ships are budgeted to steam on average of 29 days per quarter when non-deployed and 50.5 days per quarter when deployed.

Question. How much of the requested increase is due to the larger than expected Reserve ship inventory in 1987 and how much for additional training days?

Answer. Of the requested increases, ship inventory increases 7.3 shipyears, accounting for 7,736 steaming hours underway. The increases because of the additional training days accounts for 18,316 steaming hours underway.

Question. What tangible results do you expect to see from the large increase in steaming hours?

Answer. The increase in underway steaming hours will allow Naval Reserve ships to transition from a Selected Reserve training force, almost totally dedicated to training and utilized mainly on weekends and during Active Duty for Training (ACDUTRA) periods, to an asset fully ready to integrate with the fleet immediately upon mobilization. Reserve ships will now be able to plan for training evolutions and exercises specified by the type commander, joint Active/Reserve exercises as a means of maintaining currency with fleet operations and tactics, and more concentrated maintenance/systems checks that are required to maintain fleet standards. Previously, participation in these training opportunities and requirements depended on our ability to obtain active commitments funded from the active operations account on a reimbursable basis.

AVERAGE OPERATING AIRCRAFT

Question. Last year's budget submission indicated that for 1986 the planned average operating aircraft number was 621.5. This year's submission contains a planned average operating aircraft number for 1987 of 591.5, including the Marine Corps KFIR adversary squadron.

How do you explain these figures?

Answer. The figure of 621.5 average operating aircraft contained in the FY 1986 submission was incorrect. The FY 1987 submission is based on the corrected data base and shows 595.5 average operating aircraft in FY 1986 and 591.5 in FY 1987.

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RESERVE SHIP MAINTENANCE AND MODERNIZATION

Question. The regular overhaul subactivity has experienced considerable change in the past year or so. The original 1986 estimate called for six ships to be overhauled at a cost of $12,355,000. The current 1986 estimate is to overhaul nine ships at a cost of $22,927,000. The 1987 request is a four ship overhaul at a cost of $16,043,000.

Please explain the change in the mix and cost of the regular overhaul subactivity and the reasons for the changes.

Answer. The change is the addition of three MSO (Mine Sweeper, Ocean) overhauls to the schedule contained in the FY 1986 budget. These ships will now remain in service longer than originally planned because of delays in the delivery to the Navy Reserve of replacement MCM (Mine Counter Measures) ships. This necessitated changes to the overhaul and modernization schedules. The FY 1986 Appropriations Act made available prior year procurement funds which will be reprogrammed to fund these readiness-enhancing requirements.

Question. Another subactivity experiencing considerable change is the fleet modernization program.

What effect on readiness and capability will the new policies concerning regular overhaul and fleet modernization have?

Answer. The increase in FMP for FY 1986 is because of the additional MSO overhauls just mentioned. Also, since the MSOs will remain in service longer than originally planned, selected additional alterations are required to allow them to complete their extended missions and achieve communications compatibility with the active fleet.

Question. The original 1986 estimate for the intermediate maintenance activities upgrade was $10,333,000. The current 1986 estimate is $4,033,000.

What accounts for this major change?

Answer. The original FY 1986 request for intermediate maintenance activities upgrade was based on an expense-investment criterion of $25,000; this is the dollar threshold at which a purchase can be expensed in the operating account or capitalized in the procurement account. As a result of Congressional action on the FY 1986 budget, this criterion was reduced to $5,000. FY 1986 Naval Reserve requirements for purchases exceeding $5,000 are now cotained in the Other Procurement, Navy budget request.

BACKLOG OF MAINTENANCE AND REPAIR

Question. The backlog of maintenance and repair in the Base Operations activity increases in 1986 to $66,400,000 from the original estimate of $47,000,000. Further growth is estimated in 1987 to a new total of $73,800,000.

What accounts for the rather significant increase in your BMAR estimate for 1986 and what effect does the overall BMAR increase portend for base operations activities?

Answer. The $47 million backlog estimate contained in the FY 1986 budget was based on facility surveys conducted in 1984. The current $66.4 million estimate is based on surveys conducted at the end of FY 1985. The new, higher estimate is a reflection of in-

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creased emphasis to field commands on the importance of identifying deficiencies and of the continued implementation of the Whole Center Repair concept. Therefore, our field surveys and resulting BMAR estimate are more thorough and more accurate than they were previously. The day-to-day practical effects in Naval and Marine Corps Reserve facilities of an increasing BMAR are similar to those being experienced by the U.S. steel industry, the railroads and the bridge and highway systems in the country. Specifically, we expect increased frequency of breakdown and the attendant risk of major disruptive emergency repair projects; compounded maintenance costs because of uncorrected deficiencies; continued deterioration of our physical plant; and degradation of morale, retention and safety as we must lower our facility standards.

KFIR INCREASE

Question. The addition of KFIR aircraft in the Marine Corps Reserve program results in the requirement for an additional $18,700,000 in 1986. Of this total, $1,100,000 is for 1,138 hours of flight time and the balance of $17,600,000 is for contract cost.

For the record, provide additional details on the required contract costs.

Answer. Additional details on required contract costs for FY 1986 follow:

	Costs in millions
Supplies or services [1]:	
Squadron maintenance	$12.5
Technical data	0.2
Over & above maintenance	(2)
Repair of repairables	2.0
Site preparation	2.7
Crating & uncrating	0.2
Subtotal O&MNR contract	17.6
Add: Flight hour POL costs	1.1
Total O&MNR costs	18.7

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[1] Aircraft inspection and reconfiguration costs ($9.1 million) are additional; funded in O&MN.

[2] As required.

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Question. How many aircraft are involved in the KFIR program?

Answer. Thirteen KFIR aircraft are involved in the program.

Question. What is the location of the aircraft and the precise mission to be accomplished?

Answer. All KFIR aircraft will be located at MCAS Yuma, Arizona. The mission of the squadron will be to provide supersonic adversary training in an aircraft that can better simulate the enemy.

AVDLR COSTS

Question. A major programmatic decrease in the mission forces budget activity for 1987 is a negative $26,100,000 which reflects the results of a reduction to the cost of AVDLR's based on fiscal year 1985 experience.

Provide the Committee with additional details concerning this reduction. Specifically, what were total AVDLR costs in 1985 compared with the plan and why was such a large reduction experienced?

Answer. AVDLR charges to the operating accounts began on 1 April 1985. AVDLR cost per hour budget estimates in the FY 1986 budget were developed for each Naval Reserve aircraft type without the benefit of an historical data base. Total AVDLR costs in FY 1985 were $68.5 million compared to a budgeted amount of $72.9 million. Based on a comparison of actual cost per hour performance to budgeted amounts for each type aircraft, it was determined that FY 1986 AVDLR requirements would be less than originally calculated. The greatest difference between actual and budgeted cost per hour was found in newer aircraft and those with high AVDLR costs per hour. When these differences were applied to the FY 1986 flight hour program, which contains a higher proportion of the newer, more sophisticated aircraft because of transitions, the $4.4 million price savings experienced in FY 1985 was extrapolated to a $26.1 million reduction in FY 1986 requirements.

MISSION FORCES END STRENGTHS

Question. Throughout the operation and maintenance, Navy Reserve justification, there are numerous instances of military end strengths being significantly different from previous submissions. For example, in the Mission Forces budget activity, the 1985 estimate contained in the budget submission of February, 1985 indicated a military end strength of 170 and a 1986 estimate of 148. The numbers contained in this year's submission show an actual 1985 military end strength of 200 and a current 1986 estimate of 272.

Question. What accounts for these significant differences since last year?

Answer. The Navy is in the process of expanding several enlisted ratings in the TAR program in compliance with Congressional direction to replace MPN-funded active component personnel at Reserve activities with RPN funded TARs. This replacement requires a significant growth of TAR Personnel. To minimize any operational and training disruption during the transition, it has been necessary to retain a certain number of MPN funded personnel, whose billets have been deleted, at Reserve activities until a suitable TAR replacement is available. As the FY 1985 column reports an actual on board count of MPN funded personnel at Reserve activities, it includes these active component personnel retained until replaced by a TAR. This causes the significant differences noted.

The FY 1986 difference is the result of a coding error during the programming process causing 120 active duty end strength to be added to FY 1986 in the FY 1987 O&MNR submission. Similarly,

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120 end strength was erroneously included in the FY 1987 count. They should have been coded as active component billets and not as Reserve end strength. As a result, the correct FY 1986 mission forces end strength is 152, not 272.

RESERVE SURFACE SUPPORT FORCES

Question. The 1987 request for Reserve Surface Support Forces is $11,429,000. Military end strengths increase from an estimated 30 in fiscal year 1986 to 66 for fiscal year 1987.

Question. How much of the increase is associated with the establishment of a new cargo handling training battalion in Williamsburg, Virginia?

Answer. Establishment of the cargo handling training battalion adds 29 billets.

RESERVE SHIP OPERATIONS

Question. The Reserve Ship inventory increases from 39 in the original fiscal year 1986 submission to 40 in the current 1986 estimate and to 44 for fiscal year 1987.

What are the additional ships and when are they scheduled to come on line?

Answer. The FY 1986 ship inventory increase is the result of retaining one MSO (Mine Sweeper, Ocean), longer than originally planned because of delays in the delivery of replacement MCM (Mine Counter Measure) ships.

The FY 1987 ship inventory increase is as follows:

Ship hull no./name:	*On line*
FFG 20/ANTRIM	JAN 87
FFG 19/MOORE	JAN 87
FFG 23/PULLER	JUN 87
FF 1053/ROARK	JUN 87

Question. The officer military end strength for the Reserve Ship Operations program package widely from previous estimates. In 1984, actual was 312 officer end strength. In 1985, actual to 228 in 1987.

Question.

What accounts for these significant changes in officer end strengths?

Answer. The decrease in active force officer military end strength from FY 1985 to FY 1986 is the result of the conversion of MPN funded active component billets to RPN funded TAR billets. This billet conversion is part of a continuing effort to increase Reserve personnel manning levels to meet Congressional direction.

The increase from FY 1986 to FY 1987 is the result of planned transfers of active force ships to the Naval Reserve (4 ships), extension of 2 MSO's because of the delayed arrival of replacement MCM ships, and a refinement of the active and Reserve personnel ship crew mix.

OVERHAUL AND MODERNIZATION

Question. The current 1986 estimate for the overhaul and modernization of ship equipment and related support bears little resemblance to the original 1986 request. The original figure for

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sonar overhaul and mine countermeasure equipment maintenance had been $874,000. The current estimate is $5,174,000.

What accounts for this significant increases?

Answer. Overhaul and modernization of ship equipment has been significantly increased by reprogramming of funds within the appropriation because of high priority needs to upgrade existing systems on MSO (Mine Sweeper, Ocean) ships. The requirement for these equipment overhauls is consistent with increases in MSO ship overhauls and follows from the decision to extend the service life of the MSOs because of projected delays in replacement MCM ship deliveries.

Question. An activity previously budgeted for in the Operation and Maintenance, Navy account, anti-submarine warfare systems and maintenance support, varies from $2,653,000 in 1985 to 0 in 1986 to $1,497,000 in 1987.

Why is this programmatic effort so irregular?

Answer. Anti-submarine warfare systems and maintenance support includes funding for overhaul and changeout of ASROC (Anti-Submarine Rocket) launchers and torpedo tubes and for post-overhaul tests on Naval Reserve ASW frigates. Funding in FY-84 and FY-85 was sufficient to eliminate the Naval Reserve depot maintenance backlog. Based on current maintenance schedules, there is no FY-86 funding requirement. The FY-87 funding will support the necessary level of maintenence effort based on the cyclical Restricted/Technical Availability schedules for the frigates.

Question. A number of other program elements which were previously funded in the O&M, Navy account have been transferred to the O&M Navy Reserve account. These include missile weapon system equipment maintenance and search radar maintenance.

For the record, provide the comparable level of effort for these activities for fiscal years 1985 and 1986.

Answer. The levels of effort for missile weapon systems were $2,968 thousand in FY-85 and $3,581 thousand in FY-86. The efforts for search radar were $524 thousand in FY-85 and $560 thousand in FY-86

Question. One subactivity which had been included in overhaul and modernization in previous years is depicted as a separate program package in the 1987 submission. That is reserve force engineering services support. A new element in this subactivity in 1987 is mine countermeasure support, for which a total of $5,276,000 is requested in 1987. According to the justifications, this also represents a funding transfer from the O&M, Navy account.

Provide for the record the comparable level of effort for the mine countermeasures support in 1985 and 1986.

Answer. Funding for Reserve Force Engineering Services Support for Surface Mine Countermeasures (MCM) Forces has been transferred to O&M, Navy Reserve in recognition that the majority of the surface MCM effort is in the Naval Reserve. The levels of effort were $2,452 thousand in FY-85 and $2,539 thousand in FY-86. Requested FY-87 funding includes requirements for MCM equipment support for MCM ships scheduled for delivery to the Naval Reserve. Also included is funding to reduce an emergent backlog of equipment on MSO ships which was created by the extension of the MSOs beyond the original decommissioning schedule.

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MSO extensions are required because of the delay in arrival to the Naval Reserve of replacement MCM ships.

OTHER SUPPORT

Question. For the Other Support activity, a total of $231,344,000 is requested in 1987, compared with a current 1986 estimate of $225,500,000. The largest programmatic increase is $1,619,000 for the Navy Regional Data Automation Center Navy Industrial Fund Emergent Requirements.

What is the total requested 1987 funding for the Navy Regional Data Automation Center?

Answer. The FY 1987 requested O&MNR funding for the Navy Regional Data Automation Center is $6,291,000.

Question. For the record, provide additional details on precisely how these funds will be utilized and why they are considered a high priority.

Answer. The following functional breakdown indicates how these funds were utilized:

Function/task and purpose:	*Amount*
Reserve Financial Management System (RESFMS)—active duty for training order processing and tracking; RPN accounting	$4,152,000
Aviation Maintenance Material Management System—tracking for maintenance history of Reserve aircraft	126,000
Aviation Logistics Tracking System—Reserve aircraft parts requisitioning and tracking	692,000
O&MNR accounting—financial management needs	1,258,000
Miscellaneous	63,000
Total	$6,291,000

The functions supported by the Navy Regional Data Automation Center funding are of high priority because they are the core tasks for effective management control and budget execution within the Naval Reserve.

BASE OPERATIONS END STRENGTHS

Question. Last year's budget submission estimated that military end strength for base operations would be 2,841, including 103 officers. This year's budget submissions reveals that actual end strengths were a total of 3,202 including 238 officers. Thus, the total was missed by more than 10 percent. However, we see that the 1986 estimate remains quite similar to the original 1986 estimate of 1,839.

Precisely what is happening here?

Answer. The FY 1985 column of the FY 1987 budget presents an actual on-board count taken on 30 September 1985 of MPN funded personnel at Reserve activities. In contrast, the FY 1985 column of the FY 1986 budget presented planned active component end strength, or billets. The actual count does not immediately correlate with the planned MPN billets because some MPN personnel may be temporarily retained until the new RPN TAR billet is manned.

Question. Why did you miss the 1985 targets by so much and why do we see such a drop in 1986?

Answer. It would appear that we exceeded the FY 1985 targets but, because of the additional MPN funded personnel counted in the actual year end figure, this is not the case. This also explains the apparent drop from FY 1985 to FY 1986.

RESERVE MANAGEMENT HEADQUARTERS

Question. The military end strength estimates for the Reserve Management Headquarters program package have been quite unreliable for the past few years. For example, the 1984 estimate which had an end strength of 34 turned out actually to be 47. The original 1985 estimate of 36 was revised downward to 28 but the actual we see in this submission is 84. Based on that track record, why should the Committee have any confidence that the 1986 and 1987 military end strength estimates of 17 and 19, respectively, have any validity?

Specifically what occurrences warranted an increase in your 1985 military end strength from an estimate of 28 to 84?

Answer. As with your previous questions on military end strength, the figure 28 represents MPN funded end strength. The figure 84 is an actual count of MPN funded personnel at Reserve activities, and includes those who have been retained temporarily until an RPN TAR replacement has reported.

RESERVE PERSONNEL, MARINE CORPS TRANSFERS UNOBLIGATED BALANCES

Question. The total 1987 request for the Reserve Personnel, Marine Corps appropriation is $314,860,000. This is an increase of $42,250,000 or 15 percent, above the fiscal year 1986 appropriation. However, there is an unobligated balance transfer of $15,049,000 in fiscal year 1986, which increases the total direct program of the account to $287,299,000. Exactly why was the unobligated balance transfer accomplished?

Answer. The fiscal year 1986 Defense Authorization Act placed limitations on the amount that can be obligated for base pay and retired pay accrual. The Reserve Personnel, Marine Corps appropriation reduction, based upon this limitation, was $11,400,000. The fiscal year 1986 Defense Appropriation Act reduced the appropriation by $11,400,000, but provided authority to transfer prior year balances back into the personnel accounts to cover retired pay accrual requirements, along with required funds for the 1 October 1985 three percent (3%) pay raise. Therefore, the $15,049,000 transfer is made up of $11,400,000 retired pay accrual requirements and $3,649,000 for the 1 October 1985, 3% pay raise.

Question. More than 85 percent of this total account is budgeted for personnel compensation and benefits. One of the major reasons why so much of the account is devoted to personnel compensation is the rapid growth in full-time active duty personnel. The 1987 request for full-time personnel is 1,782, which represents an increase of 307 or nearly 21 percent above 1986. If compared to fiscal year 1985 end strengths, the increase is 648 or 57 percent. This compares to a two year growth in the Selected Reserve of less than 7 percent. Thus we can see that the nature of the Marine Corps Reserve is changing dramatically.

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What are the outyear requirements for full-time support strength? That is, when can we expect to see a leveling off in the growth of full-time support?

Answer. The outyear requirements for full-time support strength are 2,133 in fiscal year 1988 and 2,425 in fiscal year 1989 at which time the program levels off.

STATUS OF MARINE RESERVE UNIT READINESS

Question. Less than 30% of Marine Reserve units currently have a readiness rating of C–1 or C–2, indicating that they are completely ready or nearly ready to go to war. More than one-half of Marine Reserve units have a readiness rating of C–4, indicating that they are not ready to deploy in a wartime status. How do these statistics compare to readiness figures for the active component?

Answer. Readiness figures for the active component are historically higher than the reserve. This factor is primarily attributable to active force operational requirements which necessitate a higher degree of readiness.

Question. What specific actions are you taking to increase readiness of the Marine Reserve units and how are those actions reflected in the 1987 budger request?

Answer. The Reserve Force Policy Board Fiscal Year 1985 Annual Report accurately cites equipment as the primary reason for reserve readiness degradation. Specific actions to improve reserve readiness have been directed toward enhancement of the equipment posture. The fiscal year 1987 budget contains $97 million in new procurement for the reserve component.

Question. What is your multi-year plan to improve the readiness of Marine Reserve units?

Answer. As identified in Volume II of the fiscal year 1987 Force Readiness Report, if current funding levels continue, 95% of the reserve equipment requirement will be achieved by the end of fiscal year 1989.

BACKLOG OF MAINTENANCE AND REPAIR (BMAR)

Question. In the base operations element, you are requesting $335,000 increased funds for maintenance of real property in order to reduce the backlog maintenance and repair at reserve training centers. What is the total amount that you intend to devote to reducing the BMAR in 1987?

Answer. The current fiscal year 1987 program provides $2,370,000, including the $335,000 increase, to reduce BMAR.

The estimates for BMAR have varied widely in the past couple of years. The 1984 actual amount for BMAR is $936,000 Last year you estimated that the 1985 and 1986 amounts for BMAR would be $450,000 and $391,000, respectively. However, this year's justifications indicate that the 1985 actual amount was $1,195,000 and that the 1986 current estimate is $1,286,000. That comparable level of effort is continued into 1987.

Question. What accounts for the significant swings in the estimates and the actual amounts for BMAR in the past couple of years?

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Answer. The change between the fiscal year 1985 BMAR estimate of $450,000 and the actual of $1,195,000 is due to an adjustment in the execution of the real Property Maintenance Activity funding. Several minor construction projects were executed which had not previously been identified. Projects classified as minor construction do not reduce BMAR, causing the increase. The increase in BMAR for FY 1985 rolls forward into FY 1986 and FY 1987.

PAY GROUP F TRAINING

Question. The 1987 request for Pay Group F Training is $68,785,000, an increase of $7,754,000 or nearly 13 percent above the current fiscal year 1986 estimate. Pay Group F funds are used to pay the allowances and other personnel costs for the initial active duty for training period of non-prior service personnel enlisting in the Marine Corps Reserve. The reason for the significant increase is a rise in the average number of trainees of more than one thousand. This accounts for virtually the entire 1987 requested increase.

To what do you attribute the significant increase in the number of Pay Group F trainees? Is this the result of an extensive recruiting campaign or other factors?

Answer. The structure of the 4th Marine Division and 4th Marine Aircraft Wing is increasing over the next three years with the addition of a LAV Battalion, Marginal Terrain Vehicle Units, Medical and Dental Battalion, KC-130 and KFIR squadrons. Requirements of the SMCR units have always been greater than what we have been able to reflect in the budget as planned accessions, because of recruiting service limitations and training school seat quotas. However, over the last 5 years non-prior service accessions have average 111% of quota. Fiscal year 1985 results were 116% of quota. Those recruited above the planned accession level have been trained in MOS's and at locations where the school(s) have been able to accommodate them. The average number of trainees is enhanced in fiscal year 1987 based on successful prior fiscal year accession results above quota, coupled with increasing structure requirements, and the bow wave of increased usage of split-increment trainees in FY 1986.

ADP SUPPORT

Question. The 1987 request for Operation and Maintenance, Marine Corps Reserve is $65,300,000. This is an increase of $7,100,000 above the current 1986 estimate. After taking into effect functional transfers and price growth, the total program growth in the Operation and Maintenance, Marine Corps Reserve program is approximately 5 percent in 1987.

The mission forces and depot maintenance budget activities remain virtually constant in 1987, with most of the increase occurring in the Other Support budget activity. One element which is increasing is ADP support. It is noted that the earlier 1986 estimate of $292,000 has been increased in the current 1986 column to $725,000. This increased level is carried forward into 1987.

What accounts for the rather significant increase in ADP support?

Answer. While Mission Forces ADP has increased, overall ADP support has not increased since the fiscal year 1986 President's Budget submission. It has decreased by $487,000 as depicted below:

[In thousands of dollars]

ADP support	1986 line from—	
	1986 President	1987 President
Mission forces	$292	$725
Base operations	263	209
Other activities	2,769	1,903
Total	$3,324	$2,837

The changes from fiscal year 1986 to fiscal year 1987 are a result of the 4th Marine Division, 4th Marine Aircraft Wing and the Finance Center being able to more accurately assess their future requirements. As more and more equipment is delivered and utilized, projections become more accurate since they are based on actual data.

PERFORMANCE CRITERIA AND EVALUATION

Question. It is noted on page 9 of the justifications that the performance criteria and evaluation for equipment to be maintained in 1985 actual figures is identical to the estimates for 1985 which were provided in last year's budget submission. Is this just remarkable coincidence or were you unable to determine the actual performance criteria in this area for 1985?

Answer. The reason the evaluation for equipment to be maintained in 1985 actual figures are the same as the 1985 estimate is because the Training Allowance (T/A) of major end items sets the number of items to be maintained by SMCR units. This workload indicator refers not only to maintenance from wear and tear but also for normal scheduled maintenance and Limited Technical Inspections (LTI). The estimate and actuals will be the same.

MISSION FORCES TRAINING

Question. The current 1986 estimate for Mission Forces Training has increased by more than a million dollars from the amount contained in the 1986 submission last year. The revised total is $10,193,000 compared with an earlier estimate of $9,187,000. What are the reasons for the increased training requirements in 1986?

Answer. The current 1986 estimate in Mission Forces Training includes increased requirements of $500,000 for the new Adversary Aircraft Squadron (KFIR). The balance of the increase in training is due to a realignment of a portion of Transportation of Things (TOT) funding from Material Readiness to Training to support increased movement of equipment for training based on an analysis of TOT actuals and projected requirements.

Question. Have any other budget elements experienced degradation in order to pay for the increased training amounts?

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Answer. No other budget elements have experienced degradation in order to pay for the increased training amounts.

CIVILIAN END STRENGTH

Question. There appears to have been a temporary increase in civilian end strength in the Other Support budget activity. Last year you had estimated that civilian end strength would be 56 positions and that in 1986 it would be 58. However, actual 1985 end strength was 68, an increase of more than 20% above the earlier estimate. The increases in civilian end strengths do not continue into 1986 and 1987, however, as we see them decline back to 58 in both years. What accounts for the significant increase civilian end strengths?

Answer. The increase in civilian personnel in the Base Operations portion of the Other Support Budget Activity, from a projected end strength of 56 to an actual of 68 in fiscal year 1985, was due to increased requirements for civilian labor primarily in the areas of accounting and supply.

During fiscal year 1985 and the first quarter of fiscal year 1986, Congressional direction allowed fulfillment of civilian workforce requirements with management by resources rather than end strength controls. As a result the Marine Corps Reserve exceeded budgeted civilian strength and funding for fiscal year 1985 and first quarter fiscal year 1986. The excess was necessary to accomplish required workloads.

Question. What happens to these people in 1986 and 1987?

Answer. The end strength increase was not continued in fiscal year 1986 and fiscal year 1987 because the higher end strength had never been approved in the POM process. Additionally, SecNav imposed a hiring freeze in January which required reductions to budgeted funding and end strengths. A waiver request is currently being forwarded to SecNav to exceed the budgeted funding levels.

LEASED VEHICLES OPERATED

Question. In 1985, 255 leased vehicles were operated under the Other Base Services subelement. In 1986 and 1987, however, only 197 leased vehicles will be operated. What accounts for the significant decline in leased vehicles operated and what savings are expected to accrue from this change?

Answer. The decline in the number of vehicles leased is attributed to the purchase of more vehicles for our inspector-instructor staff. Though the number of leased vehicles was reduced, the total number in use is the same. Therefore operating cost estimates remain constant and will not decline.

MAIL COSTS

Question. The 1985 performance criteria and evaluation statistics for incoming and outgoing mail appear to have increased dramatically from the earlier estimate. The higher level of activity continues into 1986 and 1987.

What accounts for the dramatic increase in mailings?

Answer. The dramatic increase in mail statistics in fiscal year 1985 was due to expansion to support the increase in Reserve Counterpart training, the Individual Mobilization Augmentee program, and Individual Ready Reserve (IRR) growth. With the 8 year military service obligation the IRR population is expected to double to 90,000 by 1990.

Question. What total monetary cost increases were experienced due to the increase in mail?

Answer. Mailing costs increased from $1.4 million in fiscal year 1985 to a projected $1.5 million for fiscal year 1987.

Question. The outgoing mail count for fiscal year 1985, 1986 and 1987 is identical at 479,500. Why don't we see an increase in 1987 to accommodate the mailings for the one day individual ready reserve (IRR) call-up?

Answer. The $7 million provided to the Marine Corps Reserve for the IRR call-up was all included in the reserve personnel account. It is estimated that $500,000 will be required to accommodate the O&MMCR portion of the IRR call-up. This includes increased mailing costs, civilian personnel support, and other miscellaneous administrative costs. It would be helpful if the Committee realigned $500,000 from the Reserve Personnel, Marine Corps appropriation to the Operation and Maintenance, Marine Corps Reserve appropriation for this purpose.

[CLERK'S NOTE.--End of questions submitted for the record.]

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